

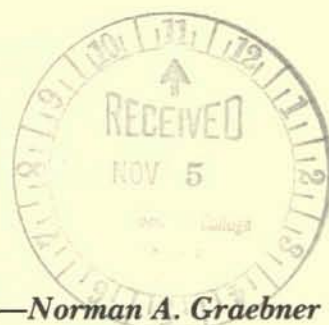
CURRENT HISTORY

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West Europe



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Current History

NOVEMBER, 1986

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This issue discusses the socialist and conservative governments of the West European countries and their varied economic programs. Our lead article reviews United States–West European relations since the early 1980's. Disagreements during this period "led some Western observers to wonder whether the North Atlantic alliance had become obsolete. . . . [But] mutual interests in peace, security and economic progress were sufficiently clear to support the proposition that institutionalized cooperation was still preferable to unbridled national action."

The United States and West Europe: An Age of Ambivalence

BY NORMAN A. GRAEBNER

Emeritus Professor of History and Public Affairs, University of Virginia

THE destruction of the European equilibrium in World War II created a new and promising relationship between the United States and the countries of West Europe. The Soviet Union's emergence as the continent's superpower—the first such superpower since Napoleon—demolished any remaining imperial ambitions held by Britain, France, Germany and Italy and forced them to rely on the United States. In the resulting military-economic arrangements, formalized by the Truman Doctrine, the Marshall Plan, and the formation of the North Atlantic Treaty Organization (NATO), the United States became the senior partner.

Geography and history preserved a variety of individual national purposes among the European states, but the realities of economic dislocation, political instability and international insecurity—all creatures of the recent war—were so overwhelming that the newly established trans-Atlantic ties became essential. Whatever the ultimate success of European recovery, the continued presence of the Soviet antagonist in the East would sustain the trans-Atlantic connection and the American commitment to Europe's defense. After NATO's creation in 1949, Soviet policy, with good reason, tried to weaken Europe's ties to America, while United States policy tried to maintain European confidence in American power, reliability and peaceful intentions.

By midcentury, the unity of purpose between America and Europe that underwrote their alliance was marked by divergent views toward every aspect of a

changing world. Europeans rejected overwhelmingly the exaggerated fears of the Soviet Union that dominated the official American outlook as early as Harry Truman's presidency. They also rejected the American propensity to see the Kremlin's hand in every third world upheaval and challenged Washington's conviction that the security interests of the United States were global.

As long as Europe's major concerns remained economic reconstruction and discouragement of any Soviet attack on West Europe, its leaders and analysts accepted America's burgeoning involvements in Asia and elsewhere as the price of United States economic cooperation and strategic support. But with the return of West Europe's prosperity in the 1950's and the corresponding increase in European confidence, the mounting arms race and persistent tensions in United States–Soviet relations began to open strains in America's relations with its European allies. After the early 1970's, European officials and writers questioned a wide spectrum of American policies toward Europe and the world as unnecessarily fear-ridden, over-demanding and tension-producing. Many West Europeans, enjoying perennial peace with no apparent danger, viewed the trans-Atlantic relationship as only an expression of American interest, and held the United States responsible for whatever strains existed in that relationship under the assumption that they owed far less to the alliance than the alliance owed to them.

Despite 35 years of successful containment, Europeans and Americans in positions of command have

never resolved the military dilemmas inherent in alliance strategy. For many the reliance on the American nuclear arsenal remains potentially disastrous. Throughout history, governments have justified war as an instrument of national policy only when the price of capitulation or defeat seemed less acceptable than the costs of resistance. Under what circumstances would nuclear extermination cost less than the avoidance of nuclear war? What military or political consequences could be less attractive than nuclear annihilation? Those who favor a reduction of nuclear forces (if not their total elimination) have failed to offer an alternative strategy, despite the horrors of nuclear war. In the absence of any financially acceptable alternative, Europeans no less than Americans entrust the future of Europe to the assumption that nuclear weapons create their own effective deterrents.

In any crisis, Europeans acknowledge reluctantly, NATO's nuclear strategy would place West Europe completely under the decision-making power of the United States. Beyond the discouragement of Soviet aggression against Europe—a danger that Europeans regard as remote—the whole European defense effort is of little use. West European governments have tended to avoid commitments outside Europe that would require the employment of force.

What troubled some European leaders during the 1970's was the vast increase in Soviet power that appeared to give the Kremlin new military options. In 1977, West German Chancellor Helmut Schmidt noted West Europe's added vulnerability because of new Soviet missiles, the mobile SS-20's with three warheads each, capable of reaching all West European targets, including those in Britain. Schmidt warned the NATO partners that the Soviet Union had "upset the military balance in Europe and created for itself an instrument of political pressure on the countries within the range of the SS-20, for which the West so far has no counterbalance." In December, 1979, NATO voted to deploy in Europe 108 United States Pershing 2 and 464 cruise missiles to offset the Soviet SS-20's and thereby to create an effective theater nuclear force in Europe. The decision to place more weapons in Europe did not necessarily make the threat of European suicide more convincing. If Europe required a deterrent to offset the SS-20's, that deterrent, some Europeans argued, need not be located in Europe.

Europeans agreed overwhelmingly that the long-range American nuclear arsenal was adequate for the protection of Europe. For that reason, they thought that President Ronald Reagan's massive pursuit of military superiority after January, 1981, was unnecessary, destabilizing and dangerous. To Europeans it made considerable difference whether the Reagan rearmament program was the beginning of a new crusade against the Soviet Union or an end in itself. What

troubled them especially was the flow of official statements that indicated Washington's intention to face the Soviets down with superior power everywhere from Central America to the Middle East. European analysts questioned the assumption that additional military might would make the administration's anti-Soviet posture more effective. Chancellor Schmidt warned the Reagan administration that its effort to regain nuclear superiority would merely inaugurate a new arms race. Europeans found President Reagan's decision of August, 1981, to assemble and stockpile neutron weapons disquieting; such weapons could only be destined for a European theater of war.

Throughout the autumn of 1981, massive demonstrations in Europe condemned the deployment of United States nuclear arms to offset the Soviet SS-20's. Neither European nor American observers could agree on the meaning of these demonstrations. Some regarded them as evidence of a growing European neutralism and pacifism; some viewed them as a passing phenomenon, encouraged by Communist propaganda. Despite huge demonstrations in Hamburg, Bonn, London and Paris, and the hesitancy of Belgium and the Netherlands, in March, 1982, the NATO defense ministers reaffirmed the plan to deploy the United States cruise and Pershing 2 missiles in Europe, beginning in 1983, with the proviso that Washington commence arms talks with Moscow. Schmidt favored the emplacement of theater weapons if the arms talks stalled but, he argued, there "might have been fewer demonstrations in Europe if there had been less loose talk out of the United States, telling the Europeans we were not living in a postwar period but in a prewar period. That had a psychologically devastating effect."

President Reagan's first major arms control initiative—his proposal of November, 1981, for eliminating United States and Soviet medium-range missiles from Europe—demonstrated his recognition of the rising anti-Americanism and neutralism in West Europe. If the allies occasionally shared the administration's sense of outrage at Soviet behavior, they understood that tough language, large increases in defense spending and symbolic sanctions would irritate Kremlin leaders without intimidating them or compelling them to conform to Washington's designs. By the spring of 1982, the Reagan administration, urged on by Secretary of State Alexander Haig Jr., began to display some moderation toward the Soviet Union. In May, Haig delivered a conciliatory speech before the United States Chamber of Commerce, stressing the need for political dialogue with Moscow. And the President announced that Soviet behavior was no longer an obstacle to negotiations. Thereafter the Reagan administration opened negotiations with Soviet leaders on both long-range and medium-range missiles.

Europeans were troubled less by President Reagan's huge military program than by his administration's

outspoken animosity toward the Soviet Union. Unable to govern United States–Soviet relations, Europeans lauded every change in policy or attitude that reduced East–West tensions across Europe. By 1978, much to Europe’s dismay, Washington had dismissed the détente established by Presidents Richard Nixon and Jimmy Carter because détente had failed to control Soviet behavior in Africa and the Middle East.

Whatever cordiality had once existed in American–Soviet relations evaporated completely with the Soviet invasion of Afghanistan in late December, 1979. President Reagan and his team caught the new anti-Soviet crusade at high tide. At his confirmation hearings in early January, 1981, Alexander Haig reminded members of the Senate Foreign Relations Committee that “the years immediately ahead will be unusually dangerous. Evidence of that danger is everywhere.” President Reagan himself declared at the White House in February that Soviet leaders were ready “to commit any crime, to lie [and] to cheat” in their headlong quest for world domination. The new administration’s tough anti-Soviet stance assumed the death of détente or, at the least, Soviet disinterest in it.

For West Europe, détente remained essential to its prosperity and peace of mind. Chancellor Schmidt made that clear in an interview with *The Economist* (London) in October, 1979: “One of the necessities for the alliance as well as for Germans is to get along with the eastern power. We don’t want to get back into the cold war.” West Europeans did not share the American concern for Afghanistan that prompted President Carter to announce his Carter Doctrine for the American defense of southwest Asia. *Die Zeit* (Hamburg) expressed Europe’s detachment from the crisis: “Europe must not become a zone of tension if tension prevails in other regions. . . . The West cannot win in Berlin the battle that it lost in Afghanistan.” Europeans argued that détente was divisible, that any settlement was better than none and should be pursued regardless of Soviet behavior elsewhere.

Europeans simply expected less of détente. They saw little danger to their security in Soviet policies that troubled the more globally oriented United States. They denied that the Soviet Union had gained more than the West from détente. For them, the years of relaxation had demonstrated the bankruptcy of the Soviet system and the unreliability of the Soviet Union’s East European allies. Europeans did not regard the Soviet Union as a benign presence; but they overwhelmingly rejected the American fears that “the Russians are coming.” They saw no need of any confrontation with the Soviet world. Moreover, they thought that the Soviet Union was so beset with internal and external problems—Poland, Afghanistan, food shortages and other domestic troubles—that it desperately wanted better relations with Europe.

Early in the cold war, Europeans accepted their

vulnerability to Soviet attack as the price of existing at the center of the East–West confrontation. Western strategy assumed that the next war would be fought in Europe, and the Europeans accepted that assumption, knowing that the major cold war issues were European and that West Europe itself would be the primary objective of any war. By the 1970’s, however, many Europeans no longer regarded Europe as the center of the cold war. For them it was not self-evident that West Europe need suffer disaster because of the perennial failure of Washington and Moscow to settle their differences or terminate their global confrontations in regions and over issues that concerned most Europeans remotely, if at all.

To protect Europe from a Soviet–American war begun elsewhere, French President Charles de Gaulle repeatedly demanded that Britain and France have some voice in determining United States policies outside Europe. “If there is no agreement among the principal members of the Atlantic Alliance on matters other than Europe,” he asked, “how can the Alliance be indefinitely maintained in Europe?”

United States officials had long attributed all Communist-led assaults on the status quo to the existence of a Kremlin-based monolith. Detecting no limits to Soviet aggressiveness, they tended to view any Soviet–Communist aggression, as in Korea or Afghanistan, as a prelude to a generalized use of force. Europeans rejected such notions of global danger. They challenged the Reagan administration’s initial assumption that Soviet expansionism was the universal source of turmoil. The Reagan view of Central America was especially disturbing to West Europeans because it directly challenged their own perceptions of third world revolutions and change. Many Europeans questioned President Reagan’s decision to convert El Salvador into a major arena of Soviet–American confrontation and his attempt to influence the Salvadoran civil war with aid, advisers and military equipment.

In criticizing the American role, *Il Messaggero* (Rome) warned in February, 1982: “It is probably the best way . . . to repeat the strategic error made twenty years ago with Castro and to revive the domino theory already experienced in Vietnam.” In April, editor André Fontaine of Paris’s *Le Monde* observed that “President Reagan still sees in any third world crisis the hand of the Soviet Union. From here that appears ridiculous. You don’t need Russians to create situations like Nicaragua and El Salvador.” Europeans (and many Americans) regarded the issues of Central America as regional rather than global, indigenous rather than external.

President Reagan’s extended crusade against the Sandinista government of Nicaragua received no support in Europe. Europeans rejected his admonition, directed largely at Congress and the American people,

that Nicaragua had become a beachhead of Soviet penetration of the Western Hemisphere. Europeans looked askance at the President's long, divisive effort to wrest \$100 million in military aid from Congress for the anti-Sandinista rebels. At the Bonn economic summit of May, 1985, the Europeans rejected President Reagan's plea for support of his trade embargo against Nicaragua. British Foreign Minister Sir Geoffrey Howe warned that an embargo would push the Sandinista government more completely into the Soviet-Cuban camp. German Foreign Minister Hans-Dietrich Genscher reminded the President that Europeans did not believe in trade sanctions to achieve political ends. So bitter was the Spanish reaction to American policy in Nicaragua that the President faced massive anti-American demonstrations when he visited Madrid after the Bonn summit.

Several days later, the European Economic Community (EEC), under the prodding of Claude Cheysson, former French foreign minister, doubled its aid to Central America, including Nicaragua, in deliberate defiance of the American embargo. Europe's rejection of American policy in Nicaragua became even more complete when the World Court, in June, 1986, denounced the United States for backing Nicaragua's anti-Sandinista rebels and violating the United Nations charter.

IN PURSUIT OF ARMS CONTROL

West Europe adopted a dual-track program that would deploy the American-made Pershing 2 and cruise missiles to offset the Russian SS-20's if every effort to eliminate such weapons from Europe failed. When the intermediate-range nuclear force (INF) talks in Geneva produced no agreement, the major European governments, having calmed their domestic debates and diffused their antinuclear crusades, began to accept the new medium-range missiles in late 1983. Thereupon the Soviet delegates walked out of the Geneva talks. In the absence of any agreement, the number of missiles in Europe began to mount.

United States Secretary of Defense Caspar Weinberger informed NATO defense ministers in December, 1984, that the Soviet Union had built 387 SS-20's with 1,161 warheads. Clearly the planned deployment of 108 Pershing 2's and 464 cruise missiles did not approach the Soviet defense levels. Soviet leaders pointed to the remarkable accuracy and speed of the Pershings as well as the British and French nuclear arsenals. Only some agreement could stop the acceleration of the nuclear arms race across Europe.

During the autumn of 1984, European observers detected a changed mood in Washington as President Reagan, responding to the pressures of his reelection campaign, reassured the voters that he was indeed a man of peace. In a speech before the United Nations on October 24, the President promised that he would

seek an arms limitation offer from the Soviet Union. That month, Soviet Foreign Minister Andrei Gromyko visited the White House to renew an attempt to improve East-West relations. Europeans hoped that the President would concentrate on foreign affairs in his second term. After four years of American military expansion they believed it was time to negotiate some agreements on arms control.

What troubled European analysts as they contemplated renewed United States-Soviet negotiations was President Reagan's unshakable devotion to his Strategic Defense Initiative (SDI), popularly known as Star Wars, an expensive program to perfect a space-based antinuclear missile shield. With wide support in the American defense community, the President announced early that he would withhold SDI from any arms negotiations. The Soviet Union, demonstrating its profound respect for American science and technology, made it clear that it would accept no agreement on arms control that did not include SDI. During December, Secretary of State George Shultz, accompanied by his arms control adviser, Paul Nitze, left for London, Brussels and Bonn to ease Europe's concern regarding SDI. The United States, he said, would not permit the search for an effective defense against nuclear attack to become a substitute for arms control negotiations.

Secretary Shultz's lengthy talks with Gromyko in Geneva on January 7-8, 1985, did not guarantee any future agreements, but they committed both powers to strive for greater cooperation. The Shultz-Gromyko formula included a comprehensive three-talk process, one for long-range missiles and bombers, one for mid-range missiles, and one for space and defensive weapons. Europeans, like Americans, hoped that the forthcoming arms talks would lead to significant accords on other East-West issues as well.

After a lapse of 15 months, the Geneva arms talks opened in March. The barriers to agreement were considerable: the deep disagreement over Star Wars, the growing complexities emanating from new technologies, the fragile restraints of existing arms treaties, and the lingering distrust of the Soviet Union shared by many of President Reagan's chief advisers. Observers predicted that the administration would never see merit in any Soviet proposal unless the President imposed his own views—assumed to favor agreement—on the civilians who opposed any concessions. Defense Department officials complained that Moscow's interpretation of the second strategic arms

(Continued on page 387)

Norman A. Graebner has written and edited some 20 books, including two recently published volumes of essays. His latest book is *The National Security: Its Theory and Practice, 1945-1960* (New York: Oxford University Press, 1986).

"West German politics have thus far been characterized by relatively long cycles. . . . The common element in these cycles has been the strong presence of center forces. While the Social Democrats have made important gains in the past two years, it appears unlikely that, with or without the Greens, they can unseat [Chancellor Helmut Kohl's] 'Koalition der Mitte.' "

West Germany's Center Coalition

BY DAVID P. CONRADT

Professor of Political Science, University of Florida

AFTER 13 years in opposition, the Christian Democratic-Christian Socialist Union (CDU/CSU) led by Helmut Kohl returned to power in Bonn in October, 1982. Six months later, the parliamentary developments that produced this change were ratified by the voters when the Christian Democrats and their liberal junior partner, the Free Democrats (FDP), received over 55 percent of the vote. On January 25, 1987, West German voters will decide the future of this government and that of the current parliamentary opposition, the Social Democrats (SPD) and the Greens.

The victory of Chancellor Kohl's *Koalition der Mitte* (center coalition) in 1983 was due primarily to the recession of 1981-1983, Germany's worst since the depression of the 1930's. Many voters associated this economic slump with the policies of the governing Social Democrats. Kohl and the Christian Democrats promised an economic upturn through a German version of supply-side economics: cuts in government spending (including most social programs), investment incentives for business, lower taxes and reduced state deficits. While these policies have not produced changes as drastic as those associated with "Reaganomics" or "Thatcherism," they represent a departure from the generous support given to social welfare programs during the period of SPD-FDP governments (1969-1982).

As it prepares to face the electorate, the Kohl government can present a generally positive economic record. The decline in economic growth experienced in 1981-1982 has been reversed. Since 1983, the economy has grown at an annual rate of about 2 percent and will expand by about 3.5 percent in 1986. Inflation, which reached 5.3 percent in the last year of the SPD-FDP coalition, has averaged less than 3 percent under Kohl and in 1986 it will be less than 1 percent, the lowest level in 34 years. Budget deficits have dropped from DM 62.5 billion (about \$30 billion) in 1982 to about DM 16.5 billion (\$8 billion) in the 1987 budget. Spending for social welfare programs as a proportion of gross national product (GNP) has

declined from 32.3 percent in 1983 to less than 30 percent in the current budget. By mid-1986, factory production was at 85 percent of capacity, the highest level since 1979. In several branches of industry, like automobiles and machine tools, production has been unable to keep up with demand. Capital investment, which lagged from 1982 to 1984, increased by 10 percent in 1985. The retooling of West Germany's industrial plant with computers and robots is proceeding at a faster pace than in any other West European country. The Federal Republic's balance of payments in 1986 will also show a record surplus.

This favorable economic situation does not include any significant drop in unemployment, which has remained at around 9 percent since the 1983 election. Instead of hiring new workers, many German firms are attempting to meet increased demand with overtime and automation. Recent trends, however, show that unemployment is finally starting to drop. As it enters the campaign the government can point to this trend and promise that it will continue. Significantly, according to polls, most voters consider unemployment to be the most important problem facing the country. Yet they also believe that the Christian Democrats are about as competent to deal with this issue as the Social Democrats.¹ Neither the SPD nor the Greens have yet been able to offer any viable alternative to the government's economic policies. The Social Democrats are still divided between their left wing, which supports a return to more state involvement and heavy spending to reduce unemployment, and their center-right faction, which advocates reliance on market forces and economic growth to produce more jobs.

Since returning to power, the Christian Democrats have essentially continued the policies of reconciliation and détente toward East Europe and the Soviet Union, the *Ostpolitik* of the SPD-FDP era. The 1969-1973 treaties with the Soviet Union, Poland, Czechoslovakia and East Germany, which the CDU/CSU so bitterly fought while in opposition, have all been observed and in some cases supplemented with other agreements.

Kohl's major foreign policy accomplishment is the

¹See *Der Spiegel*, vol. 40, no. 18 (1986), p. 45.

steady improvement in Bonn's relations with East Germany. Under the rubric of *Deutschlandpolitik*, West Germany has extended billions of dollars of loan guarantees to East Germany, encouraged the expansion of inter-German trade and concluded the first cultural exchange agreement between the two German states. East Germany, in return, has eased restrictions on citizens wanting to travel to the West and has allowed a record number of East Germans to emigrate. Indeed, the German "minidétente" moved so rapidly in 1983–1985 that it alarmed Moscow and even some West Europeans. A long-expected official visit to Bonn of East German leader Erich Honecker was halted by Moscow, and Italian Foreign Minister Giulio Andreotti, while expressing his general support for improved inter-German relations, added that "pan-Germanism must be put behind us. There are two German states and that is the way it should remain."

A PRO-AMERICAN COALITION

Kohl's center coalition has been the most pro-American regime in Bonn since the governments of Konrad Adenauer and Ludwig Erhard in the 1950's and 1960's. Shortly after the 1983 election, the government was faced with implementing the 1979 NATO (North Atlantic Treaty Organization) decision to station new intermediate-range missiles on German soil. In spite of large-scale demonstrations by the peace movement and the opposition of the Social Democrats, who supported the NATO decision while in office, the Kohl government stood firm and the missiles were deployed on schedule.

President Ronald Reagan's decision in May, 1985, to visit the German military cemetery at Bitburg was due in large part to the support Kohl gave the American administration on the NATO missile question. The controversial Star Wars defense program also received backing from Kohl and the Christian Democrats. Their coalition partner, the Free Democrats, however, has been wary of the program. The major intragovernmental critic is Foreign Minister Hans Dietrich Genscher, who has argued that extensive West German participation in the program might have a negative impact on United States–Soviet arms reduction talks in Geneva and might hinder Bonn's efforts to improve relations with East Europe.

On the other hand, the Kohl government has given only limited backing to Reagan administration actions toward Libya. It opposed economic sanctions against an important West German trading partner and regretted the April, 1986, air strike while acknowledging its understanding of the American position. The American ambassador to Bonn, Richard Burt, termed this reaction "halfhearted." About 75 percent of the West German public opposed the American attack, including 60 percent of the Christian Democratic voters. The Kohl government has also resisted

American pressure to lower German interest rates in order to foster more rapid growth in other Western economies.

KOHL'S OPPOSITION

In the 1983 election, the Social Democrats won only 38.2 percent of the vote, their lowest level since 1961. Reacting to this electoral disaster, some observers predicted that the party would remain out of power for the remainder of the century. Since 1983, however, the party has made a remarkable recovery. In 1985, it won an absolute majority of the seats at state elections in the Saar and in North Rhine-Westphalia, West Germany's largest state, with almost one-third of the national electorate. In 1986, the party almost toppled the Christian Democratic government in the state of Lower Saxony. The victories in the Saar and North Rhine-Westphalia were especially significant because in both cases the SPD was able to keep the vote for the Greens under 5 percent and hence keep the Greens out of the state parliaments.

A major factor in the resurgence of the SPD is its new leader, Johannes Rau. As chief executive of North Rhine-Westphalia, Rau led the party to its largest victory (52.1 percent) in history. Soon afterward, his national popularity soared, and by the end of 1985 he had replaced Jochen Vogel, the parliamentary leader of the SPD, as the 1987 Chancellor candidate. Rau, a pragmatic populist whose policies do not deviate from the party's mainstream, advocates broad social welfare benefits and worker participation in economic management. He has attempted to distance himself from the Greens and the far left in his own party, particularly on the questions of NATO and nuclear disarmament. Most polls have found him to be more popular than both his party and Chancellor Kohl. He has shown an ability to attract support from the critical center of the electorate—white collar, administrative and technical employees and skilled manual workers—many of whom abandoned the party in 1983.

The SPD comeback has also been aided by the policies of the Kohl government. Continued high unemployment, cuts in social programs and the government's policies toward the trade unions have helped the SPD regain its preeminent position among blue collar workers. To the dismay of its own labor wing, and with the strong backing of the pro-business Free Democrats, the Christian Democrats passed legislation in 1986 that the trade unions charged was designed to weaken the capacity of the unions to sustain a lengthy strike.

The new law changes the provisions under which striking workers receive unemployment compensation. The measure was prompted by a 1984 strike in the metal industry. In this labor action, the unions used a "mini-max" strategy: only 12,700 workers in key plants went on strike and received support from

the union's strike funds, but over 300,000 additional workers were idled, and most of them received unemployment compensation from the state. The new legislation, sections of which were drafted in consultation with business groups, denies unemployment compensation to workers who are outside the geographical region being struck, but who are in the same industry and whose demands are similar to those of the striking union.

Thus, for example, if a strike of Mercedes workers in Stuttgart also shuts down the nonstriking Mercedes plant in Bremen and if the union demands in Bremen are similar to those in Stuttgart, the idled Bremen workers would not be entitled to unemployment compensation. The law makes it more difficult, but hardly impossible, for unions to employ the mini-max strategy. Workers in different but allied industries, e.g., tire workers in the case of the Mercedes strike, would continue to receive unemployment benefits.

The trade unions bitterly opposed the legislation, claiming that it is designed to restrict their constitutional right to strike and thus reduce their power vis-à-vis employers. Under the slogan, "We will not be put in chains!" they organized mass demonstrations throughout the country. They were supported by the Social Democrats, the Greens and even some members of the labor wing of the CDU. This dispute has become the sharpest labor issue since the Codetermination struggles of the 1950's. It will be an important theme in the 1987 campaign. The trade unions now view the Kohl government as blatantly pro-business and will make a maximum effort to defeat it. If the legislation stands (it is currently before the federal constitutional court), the cooperative labor-management relationship in West Germany may change.

The SPD claims that it wants to govern alone without the support of the Greens after the 1987 election. Thus the party must receive an absolute majority of votes, something it has never achieved at the national level. Rau has consistently promised that he will not allow himself "to be elected Chancellor with the votes of the Greens." This approach, which was successful in the North Rhine-Westphalia election, is less credible at the national level. It leaves the party open to the charge that it is attempting to deceive the electorate. With a moderate candidate and program the SPD, with between 45 and 47 percent of the vote, would regain its prior strength in the center of the electorate and would then go over the top with a contribution of approximately 5 to 7 percent from the radical Greens.

Most voters do not accept Rau's promise. In a May, 1986, survey only 41 percent agreed that Rau would reject Green support, while 57 percent stated that he would allow the Greens to make him Chancellor. The SPD's "Green problem" will be a major theme in the government's campaign. The governing parties will

attempt to undermine the SPD campaign and the credibility of Rau's pledge by stressing that the SPD can come to power only with Green votes, i.e., the choice, according to the government, is between Kohl's center coalition or "Red-Green chaos."

For the SPD, the coalition decision is further complicated by divisions within its own electorate. While about 70 percent of Green voters support a coalition with the Social Democrats, only 36 percent of SPD supporters want any alignment with the Greens. Thirty percent of the remaining SPD voters prefer a remake of the 1969-1982 coalition with the FDP; a "grand coalition" with the CDU/CSU is supported by 14 percent, and 20 percent are undecided on the question.

THE GREENS

In 1983, the Greens became the first new party to enter Parliament since the 1950's. With the twin issues of the environment and NATO missiles (the "peace" question), the party made significant inroads into traditionally SPD voter groups and received impressive support from new voters. Throughout 1984, the Greens continued to gain votes in local and state elections. In spite of various organizational and leadership problems, the party's emphasis on environmental protection and disarmament struck a responsive chord among German voters dissatisfied with the established parties.

In 1985, however, the Greens' string of successes was snapped when the SPD shut out the party in two state elections. The internal divisions in the party became an issue. Potential Green voters now wanted the party to state clearly whether it would form a coalition with the Social Democrats. Indeed, most Green voters supported an alignment with the SPD. The party's activists and leaders, however, were divided on this question. One group, the Fundamentalists (Fundis), reject any cooperation with the established parties while a second wing, the Realists (Realos), are willing to form coalitions with the SPD at state and national levels in order to achieve Green goals, if only in piecemeal fashion. In late 1985, the Realists appeared to have the upper hand; in the state of Hesse the Greens did enter into a coalition with the SPD, receiving one ministry, environmental affairs.

The Chernobyl nuclear accident in April, 1986, returned control of the party to the Fundamentalists. At their May convention, the Greens passed resolutions calling for West Germany's immediate withdrawal from NATO, unilateral demilitarization, and the dismantling of all nuclear power stations in the country. At the meeting, the Greens also refused to distance themselves from the violent demonstrations that were taking place at nuclear power plants and planned reprocessing facilities.

In the wake of Chernobyl, support for the Greens in public opinion polls doubled to over 12 percent.

For the first time since the collapse of Helmut Schmidt's government in 1982, the combined SPD and Green support levels in public opinion polls exceeded that of the governing coalition. By June, 1986, however, the effects of Chernobyl began to wane and the proportion of voters who believed that the opposition could replace the Kohl government dropped from 53 percent to 43 percent. While the Greens clearly gained support because of the Soviet accident, they also lost support because of their radical positions on foreign policy, defense and domestic issues.

Nonetheless, the party should be able to return to the Bundestag in 1987. West German voters are concerned about environmental issues, and in the minds of the voters the Greens have clearly established their competence in this area. (While only about 7 to 8 percent of the electorate would currently vote for the party, 44 percent see it as the party best qualified to deal with environmental protection issues.)

KOHL'S PARTNER

Following their switch from the Social Democrats to the Christian Democrats in late 1982, the liberal Free Democrats suffered a sharp drop in public support and many observers doubted whether the party could secure the five percent of the vote necessary at the 1983 election for continued representation in Parliament. But with the help of CDU/CSU voters who split their ballot and the return of some of its old clientele from the 1950's and 1960's the FDP, with seven percent of the vote, was able to remain in the government.

As the junior partner in the government, the FDP holds the key ministries of economics and foreign affairs. With no significant labor support, the party constitutes the government's most pro-business faction. The FDP claims the lion's share of the credit for the improved economic situation, which it contends has come about through investment incentives and tax concessions to business, coupled with cuts in government spending. These were measures the party advocated while still in coalition with the Social Democrats. It has also strongly backed the government's efforts to reduce trade union power. Indeed, some observers speculate that the proposal to restrict unemployment compensation to striking workers was specifically designed to assist the FDP in the election campaign.

In foreign policy, Foreign Minister Genscher has regained much of the popular support he lost when the FDP "betrayed" Chancellor Schmidt in 1982. His emphasis on continuity in foreign policy, especially in Bonn's relations with East Europe and his criticism of Bonn's participation in the Star Wars program, has enhanced the FDP's image among government supporters who want an alternative to the uncritical pro-Americanism of many Christian Democrats.

The two major themes in the party's 1987 cam-

paign will be its role as a "liberal corrective" to the conservatism and clericalism of certain CDU/CSU factions and the probability of an SPD-Green coalition if the FDP does not return to Parliament. Since the CDU/CSU will not receive an absolute majority of votes, the Free Democrats argue, the only way the Kohl government can remain in power is through a coalition with the FDP. Thus without the FDP Germany would be governed by the "Reds" and the "Greens."

KOHL'S LEADERSHIP

In spite of the generally favorable economic and foreign policy record of his government, the opposition will attempt to make Chancellor Kohl's leadership a major theme in the campaign. His critics, including large segments of the media, have portrayed him as a poor administrator with no expertise in economics and no interest in formulating comprehensive programs to deal with Germany's major problems. As a result, his government has been prone to many *Pannen* (accidents). In 1984, Kohl's defense minister dismissed a high ranking army general for alleged homosexual activity. The general denied the charges and a subsequent investigation found them to be groundless. Kohl ordered the general reinstated, but refused to accept the resignation of the minister. Later that year his economics minister was indicted for malfeasance in office. He was charged with accepting illegal campaign contributions from the Flick company in exchange for a favorable ruling by his ministry in a tax case.

A few months later the president of the Bundestag resigned because of allegations that he, too, had received financial support from the ubiquitous Flick firm. In 1985, West Germany's chief internal security officer defected to East Germany. The defection was followed a few days later by the disappearance of secretaries in Kohl's office, and the offices of the economics ministry and the federal President.

Kohl himself was called to testify in 1985 before two parliamentary committees investigating the Flick affair and the fund-raising practices of the political parties. A leading figure in the Green party, Otto Schily, filed complaints against Kohl, alleging that he gave false testimony to the committees. Early in 1986, prosecutors in Bonn and in the state of Rhineland-Palatinate opened formal investigations into the Schily complaint. Kohl was the first West German Chancellor to be the subject of such investigations, which indicated a suspicion of wrongdoing, but stopped short

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"When the presidential succession is settled, France can revert to the normal Fifth Republic situation of a coherent political majority. . . . Until then French politics are likely to be marked by conflict, uncertainty and an altogether unusual struggle for power within the executive offices of the regime itself."

France's Uncertain Transition

BY MICHAEL M. HARRISON

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THE year 1986 marks one of the most ambivalent and uncertain periods in the history of Charles de Gaulle's Fifth Republic, a regime that has endured successive political and constitutional challenges since 1958. France's Fifth Republic survived de Gaulle's resignation in 1969 and adapted to the presidency of his collaborator and logical successor, Georges Pompidou. It withstood Pompidou's death in 1974 and the election to the nation's highest office of a non-Gaullist centrist, Valéry Giscard d'Estaing.

Confirming the flexibility and broad legitimacy of its institutions, the Fifth Republic adapted to the election of François Mitterrand, a Socialist President, in May, 1981; and Mitterrand won the support of a left-ist majority produced in National Assembly elections the following month. The Socialists governed France for five years, until the mandatory election of a new Chamber of Deputies in March, 1986, created a narrow center-right majority that presents the country with a politically divided regime for the first time since 1958.

Until presidential elections that must be held by the spring of 1988, Prime Minister Jacques Chirac and his government run France on the basis of center-right policies while Mitterrand retains strong executive powers to challenge or undermine their efforts. By midsummer, 1986, the situation that the French call "cohabitation" had become increasingly tense, and the future of this inherently difficult and unstable state of affairs was uncertain.

France's Socialist party (Parti Socialist, PS) came to power in 1981 with an ambitious social and economic program to transform the face of the country. After five years, it is clear that the Socialists have not engineered their "rupture with capitalism"; at best they instituted a few reforms that may endure. The Socialists can claim some important accomplishments, first, under Prime Minister Pierre Mauroy (May, 1981, to July, 1984) and then under his moderate successor, Laurent Fabius (to March, 1986). Perhaps the

most notable success that has not been challenged by the center-right is the decentralization program, which has been called "the most important transformation of the communes, departments, and regions since Napoleon put the structure in place in 1801."¹

The practical effects of the reform can be judged only after the system becomes fully operational during 1986 and undergoes the subsequent years of adjustment. Nevertheless, the Socialist decentralization program responded to centuries of French complaints about excessive centralization of state power; the reform instituted a massive transfer of authority and responsibility from the central government to the communal, departmental and regional levels. The initial Deferre law of March, 1982, reduced state supervision of local government functions (the "*tutelle*"), and subsequent legislation increased the power of the local governments (for example, the simultaneous election with the National Assembly in March, 1986, of 22 regional councils). In this balloting, 20 regions elected council presidents from the center-right, while only 2 (Nord-Pas-de-Calais and Limousin) elected council presidents of the left.

Under the reform, France's famous prefects have been transformed into "*commissaires*" who have lost some executive authority but retain power over law, order, the police and the elections. The departmental and regional councils, both headed by elected presidents, are the major beneficiaries of a redistribution of responsibility away from the Paris ministries in urban planning and development, school construction, public works, vocational training, transportation, some health and welfare services, and many social and cultural programs.

The actual redistribution of power is still being implemented and will not be uniform for all communes, departments, and regions, but the results will amount to a radical transformation of France's political and administrative processes. With some justification, then, the Socialists have taken great pride in this accomplishment, which François Mitterrand has called the "great affair" of his presidency.

The Socialists can point to some successful measures in other areas, but the results of their actions have

¹See Douglas E. Ashford, "Decentralizing France," in John S. Ambler, ed., *The French Socialist Experiment* (Philadelphia: Institute for the Study of Human Issues, 1985).

often been ambivalent, contradictory, or counterproductive. In the realm of law and order, Robert Badinter, the minister of justice, presided over the achievement of a major goal of the left, the abolition of capital punishment (by a law passed in September, 1981). In social affairs, a centerpiece of the Socialist party's pre-1981 program had been the idea of "autogestion," that is, enhanced worker participation in workplace and firm decision making. Legislation to this effect was adopted in October, 1982, and bears the label of the "Auroux laws," after Jean Auroux, the minister of labor at the time. These laws mark an advance in labor-management relations in France. They have given workers a modest influence over workplace conditions, but the new situation is not comparable to that of West German workers.

The left's experience with educational reform will doubtless rank as one of the major fiascoes of the 1981-1986 period, along with a failed economic program. Previous governments of the Fifth Republic had reconciled state interests with the perpetuation of a private Catholic primary and secondary school system that allows parents freedom of choice in an important domain. This workable compromise was unnecessarily challenged by elements within the Socialist party, allied with a militant public school-teachers' union, that seemed determined to seize control of the private school system and revive elements of the great clerical-anticlerical split in France. When Minister of Education Alain Savary was foiled in his effort to arrive at a workable compromise, a major confrontation developed that led to the massive June, 1984, demonstrations against the government and an embarrassing Socialist retreat that left the status quo more or less intact.²

SOCIALIST ECONOMIC POLICY

Whatever the Socialists' legacy in other arenas, their economic policies had the strongest single impact on the electorate in 1986 and helped produce the center-right victory. The cornerstone of the Socialist program was the nationalization of 9 major industrial groups and 36 banks and financial concerns in February, 1982, after two failing steel companies had been taken over the previous November. The industrial groups represented 20 percent of all French sales in this sector, and 15 percent of France's exports. They employed

760,000 workers. After the nationalizations, some 30 percent of all industrial sales and 24 percent of French employees were controlled by the public sector, and the state also controlled 90 percent of bank deposits and 85 percent of all credit allocations.

The rationales for this expensive (43 billion francs) and controversial action were, first, that the state would gain control over key sectors of the economy in order to steer internal and external growth; second, that the government would ensure rapid and intensive capital formation; and, third, that it would encourage economic modernization and the development of advanced technologies in France, in combination with an active industrial policy.³

The Mauroy government did pursue these aims for a time, but after 1983 the large public presence in the competitive sector retained only a loose relationship to government policy, and most experts agreed that the program had been undertaken mostly for symbolic reasons. After Jacobin Minister of Industry Jean-Pierre Chevènement was forced out in March, 1983, the government allowed the nationalized firms to pursue their own market- and profit-oriented strategies rather than asking them to conform to some constraining or ill-defined public purpose. The state poured money into these firms through capital allocations in the budget and loans from state-controlled banks, but much of the money went to cover massive losses in 1982-1983 for companies like Pechiney, Thomson, Rhone-Poulenc and for the steel industry.

Under government pressure to become more competitive, most of the public sector returned to the black by 1984. As Socialist *dirigist* tendencies eroded and finally collapsed in 1983, state enterprises were encouraged to turn to the private market for investment capital; a January, 1983, regulation created special kinds of investment certificates that could be sold on the open market without altering the formal public ownership of firms.

Private capital in various forms flowed into public firms in the amount of 20 billion francs during 1985. Because the relationship between state and industry has always been so close in France, the practical effect of the nationalization program was so tenuous by the time of the 1986 elections that the Socialist party appeared indifferent to the prospect of some kind of denationalization by a future center-right government, although it opposed comprehensive privatization.

In other areas of economic policy, the Socialists bore the tremendous burden of acknowledged mistakes made during the consumer-based revival policies of 1981-1982, which had disastrous effects in terms of high inflation, public debt and trade deficits that had to be corrected by an unpopular austerity program introduced in March, 1983. Various welfare payments, public spending and wage increases introduced in the early, profligate phase of Socialist economic

²See John S. Ambler, "Equality and the Politics of Education," in *ibid.*, pp. 116-144; also Ambler, "Neocorporatism and the Politics of French Education," *West European Politics*, vol. 8, no. 3 (July, 1985), pp. 23-42.

³See Michael M. Harrison, "The French Economy in Disarray," *Contemporary French Civilization*, vol. 7, nos. 1-2 (Fall-Winter, 1983-1984), pp. 27-39; and Peter A. Hall, "Socialism in One Country: Mitterrand and the Struggle to Define a New Economic Policy for France," in Philip G. Cerny and Martin A. Schain, eds., *Socialism, the State and Public Policy in France* (New York: Methuen, 1985), pp. 81-107.

management had pumped 34 billion francs into the economy, so that French growth stayed high (up two percent in 1981–1982) while growth in other OECD (Organization for Economic Cooperation and Development) countries slumped. However, the budget deficit rose from 0.4 percent when the Socialists took power to 3 percent of the gross domestic product (GDP) in 1982; inflation remained high at a time when the rate was falling in other OECD countries; and the government's failure to devalue early and to introduce even modest protectionist measures moved France from a virtual trade equilibrium in the spring of 1981 to a deficit of about 94 billion francs in 1982.

THE AUSTERITY PROGRAM

After some early halfhearted attempts to hold down public spending, the situation reached a crisis stage in March, 1983, when Mitterrand rejected the option of leaving the European Monetary System and adopting stringent protectionist measures and, instead, sanctioned the austerity proposals of Finance Minister Jacques Delors. With this decisive reversal of economic policy, the Socialists turned to a program of austerity, labeled "rigor" in France, based on an income policy, strict control over the money supply and curbs on increases in public expenditures. This program was still in effect at the time of the March elections and was not challenged by the center-right; thus the political debate focused on who was more capable of implementing a conservative economic policy.

As the 1986 elections approached, the Socialists were hampered by the fact that these efforts to undo their early damage to the economy were not succeeding. With a virtually stagnant industrial sector and a troubled service economy, France's annual growth rate was only 0.7 percent in 1983 and a slim 1.3 percent in 1984 and 1985, years when growth rates in other OECD countries were increasing rapidly. France's inflation rate was also high and out of line with its trading partners, slowly falling from 14 percent at the end of 1981 to 9.3 percent in 1983, 6.7 percent in 1984, and 4.7 percent in 1985.

The purchasing power of the average Frenchman was hard hit by austerity; it fell from an increase of 2.6 percent in 1982 to a net loss of 0.7 percent in both 1983 and 1984, followed by a modest rise of 1 percent in 1985—although low-income earners did better than the middle and upper classes. Under the Socialists, the budget deficit rose from 48 billion francs in 1981 to 149.6 billion francs in 1985, or from 1.1 percent of the GNP to 3.27 percent by 1985 (falling slightly from 3.44 percent in 1984). One of the most serious problems created by Socialist policies was a persistent trade

deficit, which rose from 59.4 billion francs in 1981 to 93.5 billion in 1982, and remained high at 43.6 billion in 1983 (despite the austerity program); by 1985, the Socialists had cut the deficit to 29.6 billion francs.⁴

Despite a weakened dollar and a reduced oil-import bill, France's trade deficit remained at 3.5 billion francs for the first five months of 1986. In general, France's share of world exports had fallen from 6.3 percent in 1973 to 4.9 percent by 1984, and at the end of the Socialist period it was clear that the government's policies had not succeeded in reversing a persistent loss of productivity and competitiveness.

A final black mark on the economic policies of the Socialist government was the inability to slow the inexorable rise of unemployment in France. The high unemployment rate of 7.4 percent (1.79 million persons) in May, 1981, had been perhaps the most important single factor producing a leftist victory, and Socialist failure in this area worked against the party in 1986. By early 1986, France had some 2.33 million unemployed or about 10.5 percent of the working population. The average length of time without work had risen from 270 days to 355 days, while the number of people out of work for over two years had risen from 140,000 to 280,000. To counteract this phenomenon, the Socialists tried state-mandated job creation policies and various schemes for flexible employment, but no plan was successful. As the 1986 elections approached, both left and right seemed to realize that there were no easy solutions to the problem and both were groping for ways to create jobs that are compatible with the goal of an expanding, productive, competitive and market-oriented economy.

THE 1986 ELECTIONS

The elections for a new Chamber of Deputies on March 16, 1986, were marked by one certainty and one looming uncertainty. By mid-1985 and even earlier, it was clear that the left would lose the election, so its goal was to hold its losses to a minimum and perhaps to deprive the center-right of a clear majority in the new Assembly. Both right and left, however, realized that the March date was not the decisive one on the French political calendar. A presidential election must be held by the spring of 1988 and, in the Fifth Republic system, this will determine the balance of political power well into the 1990's. The period between 1986 and 1988 is essentially a period of political ambiguity and jockeying for position among the main presidential rivals as they prepare for the more important battle for the presidency.

During the legislative election campaign, the Socialist party tried to stem its losses to give President Mitterrand maximum leverage over the new National Assembly. One way to do this was to manipulate the electoral system. Under a law approved by the National Assembly on June 26, 1985, the single-member dis-

⁴Figures vary according to source and method of calculation. See the discussion of the Socialist balance sheet in *Le Point*, February 23, 1986, and recent calculations in *Le Monde*, June 27, 1986.

strict, two-ballot system was replaced with a single-ballot, proportional representation system in which voters opt for lists of potential deputies established by the parties on a departmental basis. The Socialists aimed to prevent any single opposition party from gaining an absolute majority of deputies and to hinder the formation of electoral alliances, because parties can earn a premium of seats by putting forward separate and competing lists. The effect was less than anticipated, however; the major elements of the center-right were able to put together unity lists in most departments.

The Socialist party's campaign was plagued by many difficulties, especially the need to defend (or at least to justify) a record that was in many respects disappointing. Mitterrand's popularity had reached a low point by mid-1985, and he began to recover only when he took a more active role in the last weeks of the campaign. Prime Minister Fabius also had a weak and fragile public image, so that France's dual executive was not a useful campaign tool.

In addition, a major scandal during 1985 damaged the reputation of the Socialist leadership and undermined the credibility of the party. This was the Greenpeace affair, involving sabotage of a ship (the *Rainbow Warrior*) belonging to the confrontational Greenpeace environmentalist group in the New Zealand harbor of Auckland on July 10, 1985.* After some attempts at a cover-up, a full scandal erupted in September, 1985, and resulted in the dismissal of the head of the French secret service and the resignation of Charles Hernu, the minister of defense and a close personal associate of Mitterrand's. Although the scandal did not directly touch either the President or the Prime Minister, it revealed a pattern of duplicity and debilitating political rivalry among the Socialist elite that damaged the standing of the party in the eyes of the public.

A more serious dilemma for the Socialists was to find a new set of policies for a party whose program of radical measures had not been successful after 1981. Always a heterogeneous group, with ideas ranging from the extreme leftist views of Jean-Pierre Chevènement and Pierre Joxe to the social democratic approach of Michel Rocard, the Socialist party had pursued the center-left pragmatism favored by Mitterrand and Fabius since the crisis of 1983. At a pre-electoral Con-

gress of Toulouse held on October 11–13, 1985, the Socialists began moving decisively toward a moderate brand of socialism and later adopted an electoral program affirming the pragmatist policies they had practiced since 1983. The modest nature of these proposals and the lack of a strong ideological dimension confirmed that this sector of the French left had essentially abandoned the unrealistic ideals that had preoccupied French socialism for most of this century.

Although France's divided center-right reasonably anticipated an election victory, it was equally troubled by the political situation. The largest single party in this part of the political spectrum is the neo-Gaullist group of Jacques Chirac, the *Rassemblement pour la République* (Rally for the Republic, RPR), which established an antagonistic alliance with the loose coalition of centrists grouped under the banner of the *Union pour la démocratie française* (Union for French Democracy, UDF), including Giscard d'Estaing's *Parti Républicain* (Republican party), the Radical party, and the Center of Social Democrats as well as the followers of former Prime Minister Raymond Barre.

Before the election, one of the major issues dividing these groups was "cohabitation"—whether a victorious center-right should try to create a government and coexist with a Socialist President for the remainder of his term, or force an early showdown that would lead to a presidential resignation and a new election to restore symmetrical majorities supporting the President and the National Assembly. Raymond Barre was the main opponent of cohabitation, partly because he was the leading contender in presidential preference polls and most likely to benefit from an early election. Jacques Chirac is also driven by a strong presidential ambition, but he had a low standing in the polls and felt compelled to support cohabitation, with himself as the likely Prime Minister, in order to gain time to win popularity and credibility as a presidential candidate.

The common platform of the RPR and UDF, signed on January 16, 1986, was notable for its moderate tone. It accepted many projects enacted by the Socialists, like decentralization and the abolition of the death penalty, and did not question most social programs. The heart of the opposition platform was a promise to denationalize the firms and banks that had been nationalized after 1981. More generally, the center-right proposed to liberalize the economy through a program of deregulation that was expected to stimulate market forces in France and liberate firms from constraints imposed by the state.⁵

What was perhaps most remarkable about the campaign was the fairly subdued level of polemics and the tendency of both sides to shy away from comprehensive new programs, much less panaceas, since radical policies had not worked well in the past. Instead, both sides stressed their ability to manage austerity pro-

*Editor's note: The Greenpeace group was protesting French nuclear testing in the Pacific. One Greenpeace member was killed in the attack.

⁵The platforms of the parties and a general discussion of the electoral campaign can be found in *Le Monde*, *Dossiers et Documents* (series), *Les Elections Legislatives du 16 Mars 1986. Le Retour de la Droite* (Paris: Le Monde, March, 1986). For an analysis of the pre-election situation, see Michael M. Harrison, "France in Suspense," *SAIS Review*, vol. 6, no. 1 (Winter-Spring, 1986), pp. 91–116. Part of the discussion here draws from this article.

grams and to introduce a new balance between the state and France's society and economy. Socialists and the center-right agreed that the situation called for reduced state management of the economy, and both stressed the importance of the market and the need to liberate the productive power of French firms. Despite conflicts over the proper balance of state and market and the nature of the social welfare cushion during a period of economic difficulties, the impression was one of converging attitudes rather than polarized and unrealistic grand designs.

The results of the March 16 election were not surprising, although the center-right victory was relatively narrow and the Socialist party could be content with an honorable score after five difficult years in power. The Socialists failed in their attempt to deprive their opposition of an absolute majority. However, the Socialist party secured over 31 percent of the vote, leaving it the largest single party in France. The new majority won close to 45 percent of the vote, including independent rightists. Because of joint lists, the precise electoral strength of the center-right parties cannot be calculated, but the RPR produced the largest group in the new National Assembly majority, with 145 deputies, while the UDF had 129, and 14 other rightists were affiliated with the majority. The Socialists and their allies held the largest single bloc, 215 deputies. Of the other two major parties represented in the legislature, the French Communist party marked another stage in its seemingly irreversible decline, with only 9.69 percent of the vote (down from 16 percent in 1981 and 20 percent in 1978) and 44 deputies. The new element in the Chamber of Deputies was the ultraright-wing Front Nationale of Jean-Marie Le Pen, which won 9.8 percent of the vote and 35 deputies. In a chamber of 577 deputies, the center-right held a bare majority of around 290.

COHABITATION AND CONFLICT

Following the election, President Mitterrand appointed Jacques Chirac Prime Minister, on the ground that he was the leader of the largest group on the center-right. After some difficult discussions, Chirac formed a Cabinet on March 20, with 41 ministers: 20 drawn from the RPR, 19 from the UDF and two independents. An informal agreement reached between Chirac and Mitterrand established ground rules for cohabitation: an unusual experiment in which the usually dominant French President must allow a hostile government to implement its policies.

Both Mitterrand and Chirac operate under the important constraint of public opinion, which favors the temporary division of political power that allows Mitterrand to finish his term and would censure any politician deemed responsible for a breakdown in the arrangement.

Under the informal rules of cohabitation, Mitter-

rand agreed to permit the government to pursue its aims without undue obstruction, although he retained the right to intervene if he felt the national interest were at stake or if the government were endangering certain social benefits. In practice, presidential activism is determined by judgments of political expediency, since Mitterrand has every interest in minimizing the effectiveness and accomplishments of the center-right without actually obstructing or emasculating the government. Circumstances have temporarily deprived the President of the supreme authority the office enjoyed under the Fifth Republic before 1986. But Mitterrand has delayed several programs and remains master of the broad political agenda because he can select the date of the presidential election by resigning prematurely or holding out until early 1988. The ambitions and calculations of all of France's leading political figures are determined by this presidential calendar, since most expect this office to revert to its former dominance after the present hiatus.

In its first several months in office, the Chirac government has moved at a moderate pace to carry out its electoral promises, partly because of a difficult institutional relationship between the Cabinet and the President, and because of the very slim majority the government holds in the National Assembly. Early on, the Cabinet obtained Mitterrand's conditional approval to pass a law that would allow it to institute certain economic and social reforms, including denationalization, by decree. The government has also had to resort to other measures to force votes through a Parliament where Socialists and Communists are unfriendly and the National Front sometimes votes with the majority although support is formally repudiated.

The government has undertaken a major devaluation, instituted a freeze on government salaries, made some cuts in the 1986 budget, and put through partial measures to reform the economy, like lessening controls over foreign exchange, decontrolling some industrial prices, and liberalizing administrative oversight of the hiring and firing of workers.

Keeping a major electoral promise that interests the RPR more than the UDF, Chirac pushed through a law restoring the old electoral regime of single-member districts and two ballots for the National Assembly. Socialist housing legislation has been nullified, as

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"The Conservative party has been challenged" by Prime Minister Margaret Thatcher's diminished popularity and the economy's sluggish growth. However, "the Tory majority in the House of Commons remains very substantial and national elections do not have to be called before 1988."

Political Developments in Britain

BY ARTHUR CYR

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AFTER an extraordinary popular victory in the general election of 1983, the government of Prime Minister Margaret Thatcher now faces a wide range of difficulties, domestic and foreign. The current period, therefore, is one of considerable change in British politics. Some shifts can be traced directly to the decisions and tone of the current government; others are clearly related to more general changes under way in the political system.

Three years ago, the Prime Minister and her conservative colleagues were riding high. The Conservative party was responsible for the nation's decisive victory in the Falkland Islands war with Argentina, the Labour party was caught up in internecine political infighting between the left and the rest of the party, and the alliance between the Liberal and the Social Democratic parties had been unable to translate substantial national popular support into an equally substantial number of parliamentary seats. Now, however, the government is on the defensive and its future is uncertain.

In the 1983 election, the government achieved a sweeping victory. The Conservatives won the largest number of seats in the House of Commons since 1945. Yet this triumph masked basic changes. The domination of the two main parties, Conservative and Labour, continued to decline. In 1951, between them they had captured 96 percent of the total vote. By 1974, this had declined to approximately 77 percent of the total, and in 1983 to only 70 percent, the lowest percentage since 1923.

Third parties, notably the old Liberals and the new Social Democrats, were garnering more support. However, the Conservative vote was allocated so that the party won a large number of seats. Thus the Conservatives took 61 percent of the 650 seats in the House of Commons with only 42.4 percent of the actual vote. By contrast, Social Democratic/Liberal Alliance support was evenly spread throughout the country, with

the consequence that 25.4 percent of the vote resulted in only 23 seats.¹

The Prime Minister began 1985 with her usual stance of forcefulness bred of certainty and confidence. On January 15, she announced that on May 8 Britain would celebrate the fortieth anniversary of the conclusion of World War II in Europe. Earlier, the Foreign and Commonwealth Office had announced that there would be no ceremonies concerning the occasion of Germany's surrender to avoid offending Germany, Italy and Japan. This, in turn, had roused considerable criticism in the press and from veterans groups. The Prime Minister stated:

I know that there is a good deal of feeling that we should in fact have a national celebration of V-E [Victory in Europe] Day. It is a feeling which I understand, and I feel that we should celebrate not only victory of peace with freedom, but the fact that we have had peace with freedom for forty years.

Thatcher also indicated that she was opposed to any international ceremonies in honor of V-E Day.

In January, Thatcher journeyed to Bonn for talks with West German Chancellor Helmut Kohl, where the two leaders declared that the renewed United States-Soviet arms negotiations were a symbol of the success of the 1979 North Atlantic Treaty Organization (NATO) decision to deploy Pershing 2 and cruise missiles in Europe, while at the same time trying to reach arms accords with the Soviet Union.

In February, 1986, Clive Ponting, a senior Defense Ministry official accused of violating the Official Secrets Act, was cleared by a jury at London's Central Criminal Court (Old Bailey). He was on trial for alleged violation of section two of the Secrets Act. He admitted leaking information that concerned the Falkland Islands war, but argued that he had acted in the best interest of the public and had not violated the law. The information dealt with the sinking of the *General Belgrano*, an Argentine cruiser, and contradicted government statements that the ship had been sailing toward the British fleet and had not been spotted earlier. In fact, the ship had apparently been moving in the opposite direction and had been sighted one day earlier. A total of 368 Argentines were killed in the sinking.

¹Samuel H. Beer, *Britain Against Itself: The Political Contradictions of Collectivism* (New York: W. W. Norton and Co., 1982), p. 82. David Butler and Dennis Kavanagh, *The British General Election of 1983* (London: Macmillan, 1984), pp. 289-292.

The government later lost a major espionage case when a jury acquitted Geoffrey Jones, the alleged head of an espionage operation, and six others on all charges. The men, members of the military, were accused of turning security secrets over to the Soviet Union while stationed on Cyprus. Their defense included charges that confessions had been coerced. Because of these prosecutions, the government faced serious criticism in Parliament and the two legal setbacks in one year led to strong demands that the 1911 Official Secrets Act under which the cases were undertaken should be repealed.

THE ECONOMY

On the economic front, the government continued to face long-term problems related to sluggish growth and uncompetitiveness in many sectors. Despite high unemployment, the government remained committed to a policy of austerity and to the reduction (or at least to no increase) in public spending. On January 15, Norman Tebbit, secretary of state for trade and industry, announced that the government would sell the remaining 48 percent stake in British Aerospace PLC in the spring or early summer. This would raise about £350 million (US\$400 million) for the government. The government was unable to reduce unemployment, which continued to stand at a record 3.2 million (moreover, in contrast to the United States, the British tend to understate the true unemployment rate). Not surprisingly, opinion polls have regularly confirmed that the state of the economy is a serious problem for the government.

CABINET SHIFT

Perhaps in part because of the poll results, late in the summer the Prime Minister reshuffled her Cabinet. Home Secretary Leon Brittan was moved to the Department of Trade and Industry. He replaced Norman Tebbit, who in turn was switched with John Selwyn Gummer as chairman of the Conservative party. Several years ago Tebbit became a rather unpopular figure for his advice to the unemployed to "get on your bikes" and look for work; his image grew more positive in the wake of the Irish Republican Army (IRA) terrorist bombing of the Conservative party meeting in Brighton, England, which severely injured him and left his wife paralyzed.

There were other changes as well. Douglas Hurd, who has filled the post of secretary for Northern Ireland, was shifted to the Home Office. Employment Secretary Tom King took over the Northern Ireland post and was in turn succeeded by Minister Without Portfolio Lord Young. Patrick Jenkin was replaced as secretary for the environment by Kenneth Baker, who had worked in the Environment Ministry; and Peter Rees, the principal deputy at the Treasury, was succeeded by John MacGregor of the Agriculture Min-

istry. Elevation of some younger party loyalists was widely viewed as an effort to broaden the political base of the government and to enliven the image of the administration. The change in responsibility for Northern Ireland, however, was viewed—erroneously—as likely to result in further delay in any accord between Britain and Ireland to improve the state of affairs in Ulster.

THE OPPOSITION GAINS

The pressure on the Prime Minister and her government was understandable not only in view of her declining personal popularity but also in the growing public support for the Liberal/Social Democratic Alliance. By May, 1985, the alliance was registering clear progress. The local government elections in May presented further bad omens for the Tories. The total Conservative vote declined by 10 or 11 percent compared with the 1983 general elections. Labour's share increased by 8 or 9 percent and Liberal/Social Democratic support increased by 1 or 2 percent. The Tories lost nearly 180 seats, Labour lost approximately 100, and the alliance share went from 260 to over 600.

Major urban riots, concentrated in poor areas generally populated by racial minorities, fueled racial tensions and led to increasing criticism of the government. Both Labour and alliance representatives charged that austerity, consequent high unemployment and other features of public policy have not solved and will not solve the nation's economic problems. Apparently increasingly concerned about the plight of the poor and underprivileged, Prince Charles became involved in the debate and undertook some personal research on the subject. This in turn led to media speculation, quickly deflected by Buckingham Palace, that he might attempt a politically active royal role.

SUMMIT ON NORTHERN IRELAND

In mid-November, Irish Prime Minister Garret FitzGerald and Prime Minister Thatcher signed an agreement granting the Irish republic a consultative role in the governing of Northern Ireland. While this was described as a major first step in resolving the bitter Catholic-Protestant conflict over control of the six northern counties, extremists on both sides criticized the accord. Tom King, British secretary of state for Northern Ireland, was attacked by about 30 Unionists when he arrived at the city hall in Belfast. Ian Paisley, a prominent Protestant extremist, warned King to "stay off the streets of Northern Ireland." Unionists sponsored a series of large, angry demonstrations.

Charles Haughey, leader of the opposition party Fianna Fail in the Irish republic, also attacked the agreement. He and his supporters argued that the recognition of British sovereignty in Northern Ireland was a major defeat for the cause of Irish indepen-

dence. They also charged that FitzGerald's coalition government had, in effect, accepted responsibility without genuine power.

Both Thatcher and FitzGerald stood firm. The British Prime Minister complained that Paisley, Harold McCusker of the more moderate and influential Official Unionist party, and other critics of the accord were "deliberately trying to work up fear when you should be doing everything to allay fears." Although opposition criticism was severe, the Irish Parliament approved the agreement by a margin of 15 votes.

THE WESTLAND AFFAIR

Early in January, 1986, Defense Minister Michael Heseltine suddenly resigned after leaving a Cabinet meeting discussion on how to handle the problems of Westland PLC. For about a month and a half, Heseltine had been speaking out publicly on Westland, which was Britain's only manufacturer of helicopters. He favored an economic rescue plan involving European sources.

The Prime Minister and Industry Secretary Leon Brittan were neutral in public, stating that the government should let the market handle the matter, but Heseltine charged that privately they favored a different financing scheme involving the Sikorsky Aircraft Division of United Technologies Corporation of the United States and Fiat SpA of Italy. The immediate crisis precipitating Heseltine's resignation was Thatcher's insistence that all statements on the matter, including even reiterations of positions previously taken in public, be cleared through the Cabinet office.

Heseltine felt that this was unacceptable. The affair was further complicated by charges that the Prime Minister had been involved in the leaking of a letter about Westland to Heseltine from British Solicitor General Sir Patrick Mayhew.

DEFENSE SPENDING

Issues of British defense spending and security commitments became increasingly prominent during 1985 and 1986. The British war with Argentina over the Falkland Islands and its aftermath had long-term implications for national defense. Before the fighting, the British Defense Ministry, then under John Nott, announced substantial planned reductions in surface fleet capabilities. Because of the war, which among other lessons taught the importance of flexible and longer-range sea capabilities, many of these cuts were restored. The maintenance of a substantial garrison and support facilities on "Fortress Falklands" is a

serious drain on resources. The war, therefore, has been a significant financial burden although it demonstrated British military power.

The Thatcher government remains committed to the procurement of the Trident nuclear submarine system to replace the Polaris fleet, which dates from the early 1960's. This program, even though it has been reduced to four boats from five and (like Polaris) is indirectly assisted by the Americans, will still cost more than £10 billion and is already creating enormous budgetary strains.

The government has decided to hold defense spending constant during 1986-1987, after several years of abiding by the NATO decision to increase defense spending by three percent annually in real terms. In June, 1985, Bradford University released a study of defense spending indicating that hard choices could not be avoided much longer. The study concluded that even if reductions were applied across the board to new conventional equipment, spending would have to be reduced by 35 percent between 1985 and 1990 in order to afford the Trident system. If personnel were included in the cuts, manpower would have to be reduced from 326,000 to about 289,000 over the five-year period.

There was growing criticism in the House of Commons defense committee, including very harsh complaints about Trident. The committee concluded that by the next decade, barring any shifts in course, there would be program stoppages and supply shortages. Some defense experts urged the government to pursue alternatives to the Trident system (extending the life of the Polaris force and abandoning the Trident ballistic system in favor of a less expensive, flexibly deployed cruise missile force, perhaps carried on trucks, smaller conventional submarines, hydrofoils, patrol boats or other vehicles).²

SOUTH AFRICA

The British government's response to the deteriorating situation in South Africa provided new challenges to the Prime Minister. Thatcher was opposed to economic sanctions, thus putting her government at loggerheads with other governments in the Commonwealth. A summit conference during the summer

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²*The Economist*, January 26, 1985, pp. 57, 60. See also David Greenwood, "The Polaris Successor System: At What Cost?" *Aberdeen Studies in Defence Economics*, no. 16 (Spring, 1980), p. 23; and Jonathon Alford, "The Range of Choice," in Robert Nurick, ed., *Nuclear Weapons and European Security* (London: Gower Press, 1984), p. 29.

"In contrast to virtually all other European countries, including the new Mediterranean democracies, Greece is in a state of flux. [The ruling Socialist party] dominates the political landscape and casts a long shadow over the society and the economy. Under these circumstances, the future of Greek democracy remains uncertain."

Greece in Flux

BY ROY C. MACRIDIS

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ON October 18, 1981, in an open and free Greek election, a powerful ideological party, PASOK—the Panhellenic Socialist Movement—won 48 percent of the vote and gained an absolute majority in the Vouli (the National Assembly), with 172 out of 300 seats. The party had been founded by Andreas Papandreou after the collapse of the military junta and the restoration of democracy in 1974. In a subsequent election on June 2, 1985, Papandreou and PASOK won 46 percent of the national vote and an absolute majority in the Vouli (161 of the 300 seats), thus consolidating their position at least until 1989.

It is easy to trace the growth of PASOK. With 13.3 percent of the vote in the election of 1974, PASOK showed remarkable strength. Its popularity grew; in the election of 1977, PASOK won over 25 percent of the vote, becoming the second largest party and the official opposition to the conservatives, the Nea Demokratia. Subsequently, Nea Demokratia lost its leader, Constantine Karamanlis, who became President of the republic in 1980. In contrast, Papandreou managed to assert his leadership in PASOK and to expound his ideology—a cross between Marxism and nationalism that is common in many third world countries. He appealed to all “underprivileged” Greeks to vote against the “establishment.” He attracted the peasantry, many of the reformist elements from the middle class and the intellectuals, many of the urban newcomers who had moved from the countryside, the small bourgeoisie and even those workers who were not under the control of the Communist party.

The twofold slogan under which PASOK ran was nationalism and socialism. Socialism promised radical social and economic reforms, including nationalization, the organization of cooperatives among the farmers, and a better distribution of the national wealth in the form of sweeping welfare policies for the poor.

Nationalism was first and foremost an assertion of national independence against the foreign powers that had controlled Greece since independence in 1827. England, France and Russia were the early “protectors,” and after World War II the United States took their place. The United States was responsible for crushing the Communist rebellion between 1947 and

1949; it brought Greece into the North Atlantic Treaty Organization (NATO); it established naval, air and military bases; it undertook the oversight of the domestic political life of the country; and, many argued, it was responsible for the establishment of the military dictatorship in 1967. Furthermore, in Marxist terms, the United States was an imperialist country.

Nationalism, however, went further. Papandreou contested Greece’s membership in the European Common Market in early 1981, and in the months preceding the election of October, 1981, he proposed to call a referendum on Greece’s membership. He also assumed a defiant stance toward Turkey, a United States ally and a member of NATO. In fact, if a single national issue was likely to mobilize the Greeks, it was Turkey. The Turkish invasion of Cyprus in 1974 and the occupation of 40 percent of its territory rankled all Greeks, and Papandreou’s defiant nationalism was well received, even by the military.

Nationalism and the promise of radical reforms in the polity, the society and the economy—the appeals and promises to farmers, townspeople, workers, patriots and liberal reformers, advocates of women’s rights, environmentalists, the “underprivileged”—had a broad populist appeal. Papandreou’s leadership provided personalism. His motto was *Allaghi* (change). When by 1985 it became clear that the promises could not be reconciled, let alone realized, *Allaghi* was proclaimed to be a long-range process.

However, in the election of October 18, 1981, it was not the victory won by Papandreou and PASOK that was surprising. It was rather the smoothness of the transition to a socialist government. The transition spoke well of the democratic regime. Efforts on the part of some PASOK activists to form their own security battalions (Green Guards) were quickly set aside by the Prime Minister, who maintained the distinction between the political party—a mobilizing and platform-setting agency—and the state and its agencies, which were to make and implement policy. On assuming power, Papandreou pledged to respect democratic institutions.

The new government proceeded to legislate on some long-overdue problems. Civil marriage was intro-

duced; divorce was made easier; the dowry was abolished; women's rights were strengthened; a liberal pension policy was extended to farmers and to women; health care was extended and expanded; and the crime of adultery was removed from the penal code. In the spirit of reconciliation, the Greeks who had left, willingly or unwillingly, during the Civil War—mostly Communists—were allowed to return. The role of the Greek resistance was acknowledged.

Nor was there tension with regard to the Greek constitution and political institutions. Although the Prime Minister referred to fundamental institutional reforms in his opening address to Parliament, no such reforms were undertaken until 1985. President Constantine Karamanlis and Papandreou seemed to agree on the interpretation of the constitution. The Prime Minister, with the support of the legislature, is in charge of the government and is responsible for policymaking, while the President retains only the powers granted to him by the constitution—notably the right to dissolve Parliament under certain conditions, to call a referendum on key national issues and to use emergency powers. The Greek polity remained a parliamentary regime, and its institutions functioned smoothly.

In March, 1985, however, violations of the constitution gave rise to genuine concern. After declaring his support for President Karamanlis for a second five-year term, Papandreou changed his mind and declared that he planned to revise the constitution in order to transfer all the President's constitutional powers to himself. Karamanlis felt betrayed, and he resigned, to be temporarily replaced by the speaker of the Vouli. In the ensuing presidential election, in order to prevent any defections from PASOK (its strength had dwindled to 167 and with 13 Communist votes it represented the required minimum of 180 in the Vouli for the election of the President), Papandreou insisted that the vote be public and not secret, as the constitution prescribed. The matter was too important, he claimed, "to be decided in a secret ballot." Furthermore, the speaker, who had become interim President, was allowed to vote, again contrary to the constitution. Thus a new President, handpicked by Papandreou, won with 180 votes. Subsequently, the constitution was revised to give all the powers of the presidency to the Prime Minister, who can declare a state of emergency by invoking Article 48: to dissolve Parliament and call for an election or to call for a referendum.

The departure of President Karamanlis marked the culmination of a gradual process in the direction of authoritarian government. The regime remains parliamentary in form; but the substance has changed. The civil service, the diplomatic corps, the univer-

sities, the schools, the various public services, television and radio, the regulatory agencies and the growing public sector of the economy have been gradually taken over by PASOK. The "spoils system" is of course part of the Greek political tradition but it has never been used before for overt ideological purposes. To reinforce his authority and to subordinate the Parliament, the Prime Minister introduced legislation altering the electoral system by eliminating preferential voting.

PASOK's commanding position is enhanced and contested by the Communists. The KKE (Communist party of Greece) is the only European Communist party, other than the Portuguese, that is staunchly attached to the Soviet Union and its foreign policy. With roughly 10 percent of the vote and an average of 12 to 15 deputies, it represents the most organized and disciplined political force in Greece. It has a controlling position in the trade unions and is a strong influence among high school teachers, university professors and students, and left-wing intellectuals.

Outlawed between 1945 and 1974, the Communists returned in full force in the legislative election of 1974 to reaffirm their attachment to Greek nationalism and independence. The KKE retains a friendly-hostile relationship with PASOK and Papandreou. Since Papandreou's assumption of power, the Communists have treated him and his party with critical indulgence. Despite his self-professed Marxism, Papandreou is viewed as a maverick, a populist without class foundations and without a clear ideology.

The instability and uncertainty of all populist leaders and regimes—the Communists have had ample experience—are well-known. The Communists have cooperated with PASOK in municipal elections but have maintained their independence. They claim to be the conscience of Marxism-Leninism. Even if invited to participate in the government, they would refuse. In its last two congresses, the KKE continued to criticize Papandreou's foreign policy and his failure to live up to his electoral pledges with regard to NATO, the American military bases and the Common Market. Since the election of June 2, 1985, they have mounted a sharp critique against Papandreou's economic austerity program.

But they have avoided an open break with PASOK. The party benefits greatly from Papandreou's rhetoric against "imperialism" and from his constant pro-Soviet and anti-Atlantic pronouncements. Papandreou's tribute to the Communist party—a "progressive" and "democratic" force, as he has hailed it—legitimizes it in the public mind. Like all Communist parties, the Greek Communist party knows how to wait. It hopes to capitalize on mistakes and internal dissension within PASOK. No pro-Soviet Communist party finds itself in a better tactical position.¹

The discipline and organization of the Communists

¹The point is forcefully made in J. C. Loulis, "Papandreou's Foreign Policy," *Foreign Affairs*, Winter, 1984-1985.

contrast sharply with the disarray of the major centrist-conservative formation—Nea Demokratia. After Karamanlis's resignation in 1980 to become President, its leadership has changed hands three times: George Rallis, Evangelos Averoff and Constantine Mitsotakis have successively occupied the post. In the last year, Mitsotakis's leadership was sharply contested when a splinter party was formed and about 10 deputies seceded. Despite a relatively strong showing in the election for the European Parliament in June, 1984, Nea Demokratia was unable to make significant gains in the legislative election of June 2, 1985. Nonetheless, it won a little more than 40 percent of the vote (about 5 percent more than it won in the election of 1981) while PASOK lost only 2 percent.

Three basic problems continue to plague Nea Demokratia. First, it continues to be a congeries of notables and local bosses and has failed to develop mass membership. Second, it lacks a coherent ideology that would enable it to confront PASOK. In domestic politics it represents a cross between political liberalism and old-fashioned conservatism. Nationalism—the staple of traditional conservative groups—has been preempted by PASOK and the Communists. In fact, Nea Demokratia appears far more internationalist, open to European and Atlantic connections. Even with regard to Turkey, it advocates a dialogue. At best, Nea Demokratia presents a liberal social and economic ideology and an internationalist foreign policy.

Third, since the departure of Karamanlis, no leader has been able to take his place. Since almost all Greek parties except the Communist party have been "leader parties," this may be a major liability for the Nea Demokratia, unless Mitsotakis succeeds in imposing his leadership.

Economic strength—even at a relative level of sufficiency—is one ingredient of independence. Economic growth has slowed to less than 2 percent over the last three years; exports have shown only modest gains, while imports have risen. The current accounts deficit amounted to a record 9 percent of the gross national product in 1985 and that same year the trade deficit amounted to more than \$5 billion. It has been covered in part, as always, by tourism, remittances from Greeks abroad, and shipping revenues, all three in decline, and by foreign borrowing. Inflation, which hovered in 1980–1981 at around 20 percent and seemed stabilized for a while at about 18 percent, resumed its upward march; it was projected to rise to 25 percent in 1986. Investments declined considerably, and foreign investment dwindled because of uncertainties about the government's economic policy.

What is more, unemployment rose to about 10 per-

cent. And despite the generous social and welfare policies of the government, inflation caused a decline in private disposable income. According to an OECD (Organization for Economic Cooperation and Development) study, "real household disposable income is projected to fall by about 9 percent in the two years to 1987."²

Government expenditures increased over time because of the "socialization" of "bankrupt" firms in the private sector and because of the salary increases granted to civil service personnel just when the overall productivity of the public sector was declining. Without Greece's four traditional staple commodities—tourism, shipping, remittances from abroad, and aid, subsidies and loans from the European Common Market and the United States—Greece's overall balance of payments deficit (about \$2.25 billion) and its foreign debt (over \$14 billion) would have been considerably higher.

But there were losses in these sectors, too. The government has been unable to make tourism profitable. It has also failed to improve security for foreigners, especially Americans. Similarly, European Common Market subsidies in one form or another, averaging about \$750 million annually since 1981, are expected to decrease, while military and financial aid from the United States will continue to depend on the policies of the Papandreou government. Shipping (despite some improvement) continues to suffer, and remittances from abroad are on the decline.

The government has been borrowing at the rate of about \$1.5 billion a year since it came to office in 1981. In the fall of 1985, austerity measures were introduced (freezing some wages, devaluing the drachma, abandoning in some cases the indexation of wages on prices, reducing the budget deficit). It is too early to evaluate their impact.

After five years of socialist rule, the structural features of the Greek economy remain what they have been for the last 100 years: dependence on the West; dependence on staples like tourism, shipping, borrowing and remittances from Greeks living abroad; an expensive and unproductive public sector that remains the largest single employer; and, finally, lack of modernization and low labor productivity. State-owned sectors in transport and communications, urban transport, electricity and gas continue to run high deficits. The development of cooperatives has not yet resulted in the rationalization of agricultural production.

PASOK's major failure lies in its inability to provide capital—especially risk capital—for the development of light industries. No efforts have been made to promote high-technology industries in pharmaceuticals, computers, semiconductors, chemicals, desalination, solar energy, and the utilization of windmills (common elsewhere) for the production of electricity

²For most of the references and figures, I am indebted to the *Economic Survey: Greece* (Paris: Organization for Economic Cooperation and Development, January, 1986).

and for irrigation. Greece remains overwhelmingly dependent on industrial goods from abroad, and even most durable consumer goods are imported.

Yet the country is entering a period where the substitution of imported durable goods with goods manufactured at home should be in process—as it is in Latin America and Spain. This process requires large foreign capital investments. But the government's economic policies and its foreign policy pronouncements discourage such investment. The decline of any "staple commodities" will cause more unemployment and higher inflation. In sum, assertions of Greek independence contrast sharply with the ever-growing dependence of the economy.

FOREIGN POLICY

The most intriguing question relates to PASOK's foreign policy objectives. Papandreou's early pronouncements presaged a break with Greece's traditional allies. He promised to close American military bases, to break with NATO, and to extricate Greece from European entanglements. Presumably Greece was to return to its "natural allies" in the Middle East and the Balkans and cultivate close relations with the other Mediterranean powers.

Like France's President Charles de Gaulle, Papandreou denounced Yalta and the division of Europe into two camps. Greece would strengthen relations with East Europe and the Soviet Union and would reach out to the Arab world.

The constant use of nationalist themes has served three objectives: to attract votes, to obscure or divert the attention of the public from difficult social and economic problems, and to appease the Communist party and the PASOK activists, whose anti-Americanism and pro-Sovietism are pronounced.

Rhetoric and symbolic gestures have abounded since October, 1981. Demonstrations against the military bases (the "bases of death") have been organized regularly by Communists and PASOK activists and have been encouraged by party leaders; there have been defiant statements about the position of Greece in the Common Market and pronouncements against NATO; and contacts with the Soviet Union have been more frequent. Papandreou has endorsed the Warsaw Pact proposal for a nonaggression treaty with NATO and has spoken in favor of a nuclear-free zone in the Balkans—along the lines suggested by the Soviet leadership.

Yet rhetoric has been qualified by realism. Papandreou's government renegotiated the future of the American military bases. The new agreement (concluded by the end of 1983) provided for the "termination" of the bases in five years, by December, 1988. According to the Greeks, the bases must be closed automatically on a Greek request; but according to American officials, a Greek request will require renegotiation.

This is particularly important because in the same agreement there are provisions for technical cooperation with the United States, for the development and procurement of weapons (including F-16 planes) and for the continuation of American aid to Greece on the basis of \$7 for Greece for every \$10 for Turkey.

Some Greeks hailed the long-awaited visit of United States Secretary of State George Shultz to Athens in March, 1986, as a genuine rapprochement and a sign of Papandreou's realism. Critics believed it was only expedient. In fact, Greece's unwillingness to cooperate in the search for terrorists, its close contacts with Libya and Syria and, finally, Papandreou's rejection of West Europe's measures against Libyan diplomats (qualified later when the number of initial Libyan diplomats was reduced to 5) indicated that the Shultz visit had produced no real change.

With regard to the Common Market, realism seemed also to prevail. The early pledges to hold a referendum on Greece's membership or to demand special status for Greece in the community were shelved. Economic considerations seemed to overshadow rhetoric. In addition to the economic benefits, the European Community, in its high-level meetings, gave the Greek leader the opportunity to publicize his views. Papandreou tried to be a mediator. He spoke for the Middle East and the Arab world and for the Palestinians and their cause; at times, he spoke on behalf of the Balkans; he used his position to criticize Turkey. He arranged a meeting in Crete between the French President and the Libyan leader, providing his good offices to both. The French press was almost unanimously critical.

After 1981, contacts with the Arab world multiplied. Papandreou visited most Middle Eastern capitals, excepting Tel Aviv and, of course, Ankara. Trade agreements were signed, and every effort was made to isolate Turkey and gain Arab support for the Greek position with regard to Cyprus. Although no state recognized the self-styled independent Turkish state on Cyprus, there were few other benefits for Greece.

Similarly, conferences between Greece and the Mediterranean countries brought no tangible results. Greece approved the entry of Spain into the Common Market, much to the discomfort of the left-wing activists in both Spain and Greece. And the Spaniards returned the compliment, one might say, by following the directives of their socialist leader and voting to stay within NATO.

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Roy C. Macridis has written extensively on comparative, European and French politics and, occasionally, on Greek political developments. His most recent book is *Greek Politics at the Crossroads: What Kind of Socialism?* (Stanford: Hoover Institution Press, 1984).

"Eight years of arduous and often vexing negotiations preceded Portugal's admission to the Common Market. . . . [Prime Minister Cavaco Silva's] greatest challenge is to convince the Portuguese to believe in themselves and convert their proud nation . . . from an undeveloped backwater of West Europe into a modern EEC state."

Portugal's New Link with Europe

BY GEORGE W. GRAYSON

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IN the early hours of New Year's Day, 1986, Portugal's green and red flag was unfurled outside the Palais Berlaymont, the headquarters of the European Economic Community (EEC) in Brussels.* Entry into the EEC closed a chapter in Portugal's international and economic affairs that had lasted more than five centuries and featured global expeditions, the establishment of a far-flung empire on three continents, and immersion in colonial wars that ended only with the fall in 1974 of Marcello Caetano, the ineffectual successor to dictator António de Oliveira Salazar, and the subsequent independence of Angola, Mozambique and Guinea Bissau.¹ The new chapter emphasizes the commitment of the country's leaders to link Portugal's destiny to Europe.

Socialist leader Mário Soares was closely identified with the reorientation toward the continent. Soon after the so-called "Revolution of Flowers" in 1974, Soares, who served as Prime Minister three times before winning the presidency on February 16, 1986, began to wheedle, cajole and exhort his countrymen to cast their lot with the continent. Meanwhile, he assiduously courted skeptical European leaders, assuring them that his country had spurned dictatorship and militarism in favor of democratic procedures. With EEC membership close, Soares stated that: "Now that the imperial era has closed, we shall symbolically make a new departure, with Portugal returning to the European fold and playing its rightful part in Europe's dynamism and progress."²

Eight years of arduous and often vexing negotiations preceded Portugal's admission to the Common Market. Contributing to the delay was the EEC Commission's insistence that Portuguese membership be coupled with Spain's. This pairing sprang from the two countries' contiguity and relative poverty, and Brussels' preoccupation with adding more agricul-

tural and fishing products (especially from Spain) into a union already bedeviled by agricultural surpluses and angry farmers. There was also concern that Portugal not be admitted first with generous concessions that the more developed Spain could then demand as a part of its entry package.

The Treaty of Accession admitting Spain and Portugal to the EEC stipulates a seven-year transition period before the Iberian nations are fully integrated into the Community. Especially attractive are the provisions affecting Portugal, whose per capita income of \$2,055 is only 25 percent of the EEC average of \$8,013. Membership in the Common Market opens the way to transfer payments known as community aid funds. EEC officials dispense such monies only in response to carefully conceived proposals, and officials in Lisbon have proven quite adept at fashioning requests. In May, 1986, the EEC Commission authorized some \$207 million in social aid funds, which Portugal used to train unemployed teenagers (the 1985 jobless rate was 11 percent). From the regional development funds for disadvantaged areas, Portugal as of mid-1986 had received \$269 million—more than Spain, which has four times as many people.

"The Portuguese are on the ball," asserted one EEC diplomat. "They have been planning for accession for a long time."³ Other observers criticize Portuguese officials in Brussels for their lack of preparedness, ignorance of how the Common Market operates, and failure to use the aid effectively. The EEC assistance is forthcoming, it is argued, because the other EEC members prefer to help a poor country like Portugal rather than strengthen Spain, whose competitive advantage in industry and agriculture is feared.

Of even greater financial significance is the distribution of regional aid to Portuguese industries unable to compete as customs barriers are gradually dismantled. The amount and beneficiaries of aid must await the outcome of EEC-Portuguese negotiations on a national plan for regional development. However, Portugal's representatives hope that the Lisbon area will be deemed eligible for assistance, assuring nationwide coverage. Many observers believe that this would be too generous, even for West Europe's most back-

*I am indebted to Peter Villax for invaluable comments on an earlier draft of this article.

¹For a discussion of the overthrow of Caetano and the regime that succeeded him, see George W. Grayson, "Portugal and the Armed Forces Movement," *Orbis*, vol. 19, no. 2 (Summer, 1975): pp. 335-378.

²*The Times* (London), June 13, 1985, p. 7.

³*International Herald Tribune*, June 27, 1986, p. 13.

ward country. Moreover, Portugal's industries—impeded by outmoded equipment, inefficient management and an inflexible labor code—will be hard pressed to meet outside competition.

Portuguese steel exports will remain fixed for three years while the domestic industry is restructured to promote compatibility with EEC trading partners. There is a seven-year transition period to integrate certain Portuguese agricultural products—vegetables, poultry, wine, mutton, and fresh and processed fruit—into the Common Market. A ten-year period, divided into two five-year “steps,” exists for all other items, amounting to 85 percent of agricultural production. Between 1986 and 1995, the Commission can allocate up to \$650 million to improve marketing structures and irrigation systems, conduct research, upgrade the quality of livestock, narrow price differences between domestically produced and imported items, and otherwise modernize a sector that employs 23 percent of the work force.

Four out of five of the country's 1 million farmers own less than ten acres of land. As a result, cereal prices are 30 percent above the EEC average, while productivity is less than one-third the EEC average. Consequently, the government hopes to spur efficiency by reducing the number of farmers. It estimates that 500,000 farmers will leave agriculture as a result of the bonuses it is offering to small farmers who are over 55 years in age.

Substantial attention focuses on textiles, which represent 42 percent of Portugal's industrial output and one-third of total exports. Because Portugal's production costs are 20 to 30 percent below EEC levels, textile exports will be allowed to grow only 7 to 13 percent during a three-year transition phase (however, most EEC countries have agreed not to enforce these limits).

Just as higher production costs in Catalonia have made the Spanish wary of Portuguese textile imports, Lisbon worries that Spain's much more modern fleet will try to fill its Common Market quotas in Portuguese waters. Disputes over sardines and crayfish have chilled relations between the two countries. To mitigate problems, in April, 1985, the two countries signed an accord governing bilateral trade during the years following EEC entry. The agreement, which replaced a 1969 pact through which Spain had obtained “historic rights” to fish in its neighbor's coastal waters, prohibits each country from fishing in the other's 12-mile zone except as local authorities permit in common border areas. In the 12- to 200-mile offshore zone, licenses govern the catches not only of Spanish and Portuguese vessels but of all EEC fishermen.

In the long run, Portugal's concerns will be allayed only when it has rebuilt its outdated and inadequate fleet and has fully exploited its territorial waters that extend far into the Atlantic, around Madeira and the

Azores. The sensitivity of this issue led the Common Market to award Portugal's António Cardoso e Cunha the fisheries portfolio in a Commission that was expanded from 14 to 17 members to accommodate the new entrants. The size of the Council, the EEC's policymaking body, was increased by 2 to 12. In the Council's weighted voting system, Portugal will have 5 votes and Spain 8, compared with 10 votes each for France, West Germany, Italy and the United Kingdom; 5 each for Belgium, Greece and the Netherlands; 3 each for Denmark and Ireland; and 2 for Luxembourg. Council decisions will require 54 of the 76 votes.

ECONOMIC POLICY

Prime Minister Aníbal Cavaco Silva believes that EEC affiliation will stimulate his nation's sluggish and highly protected economy. It will, he hopes, accentuate market forces to spur competition and produce efficiency. His optimism may be requited because of Portugal's generally favorable economic circumstances.

Soares contributed significantly to these improved conditions. In mid-1983, Soares became Prime Minister of a coalition composed of his own Socialist party (PS) and the center-right Social Democrats (PSD). He warned that Portugal faced unprecedented economic challenges requiring immediate attention. These problems included widespread bankruptcies, capital flight, ubiquitous corruption, a contagion of strikes, falling income, and an inflation rate of more than 20 percent. The current account deficit was \$3.2 billion and the foreign debt exceeded \$14 billion. The previous government had pledged 10 percent of Portugal's gold reserves as security for loans from the Bank of International Settlements. “This government will be austere, uncompromising and unpopular if that is what it takes to secure recovery,” Soares averred.

The Socialist leader backed his words with action. In exchange for \$480 million in credits, he enlisted the International Monetary Fund to help devise an austerity program. Under the watchful eye of Ernâni Lopes, a remarkably adroit finance minister, Portugal pared its budget deficit, cut back investment outlays on inefficient state industries, gradually devalued the escudo, and reduced the balance of payments shortfall.

As the effects of the austerity plan began to be felt, economic relief arrived in the form of plummeting oil prices, a weaker dollar and new EEC aid. These proved a godsend to an economy that imports 54 million barrels of oil annually, buys more than half its food from abroad, and relies on external suppliers for most of its raw materials.

The no-nonsense austerity plan combined with fortuitous circumstances lifted Portugal's economy, which was stagnant in the early 1980's, to a 2.5 percent growth rate in 1985. A 4 percent increase, one of Europe's highest, is forecast for 1986. Real income will increase after three years of falling living standards, and the

inflation rate—which soared above 20 percent for more than a decade—is expected to decline to 12 percent. The austerity plan helped produce both a current account surplus of more than \$400 million in 1985 and the refinancing of some external debt as international bankers reacted positively to the application of stringent policies.

Since taking office in November, 1985, Prime Minister Cavaco Silva has acknowledged Soares's stabilization of the economy. Still, he scolded his predecessor for applying shock therapy too long and too severely, and then taking inadequate steps to promote recovery. According to Cavaco Silva, "Too much control over the past few years led to an excessive reduction of our external deficits and an unacceptable lowering of living standards without solving the basic structural problems."⁴ Cavaco Silva insists that the key to sustained growth lies in shifting the focus of economic policy from curbing credit and demand to spurring productive investment and combating inflation.

The centerpiece of Cavaco Silva's strategy is modernizing and enlarging the nation's industries to meet EEC competition. Accomplishing this should diminish dependence on imports and lessen the impact of external economic changes. "The goal is growth through investment, not through consumption," according to a government official.⁵

The magic of the marketplace seems to have animated Portugal's nationalized banking sector, which is known for its red tape, featherbedding and bureaucratic inertia. Ten private banks have been allowed to open since November, 1984, and they compete directly with the nationalized banks. The government has allowed slightly liberalized interest rates, computerized banking, relaxed foreign exchange controls, bond issues for private companies, and the creation of pension funds, money-market brokers and leasing companies. The most important reform involved the issue of treasury bills beginning in July, 1985; they are now used to finance the public deficit. The government previously relied on loans at preferential rates from nationalized banks, a practice that limited the funds available for commercial activities. The nascent spirit of enterprise means that customers who seldom heard from their lethargic bankers are now pursued by competitors offering attractive loan terms.

The bankers' flexibility may help reform an economy that is overly rigid. And Portugal still faces high loan rates, a lower than anticipated upswing in investment, and a projected \$2.76-billion budget deficit equivalent to 11.1 percent of gross domestic product.

Since the 1974 revolution and the end of dictatorship, voters have marched freely to the polls more than a dozen times. In late 1985 and early 1986, elec-

tions were held that proved extremely important because of the stability and sense of direction they gave the political system.

In June, 1985, António Ramalho Eanes, an austere, dignified general who had served as President since mid-1976, dissolved the 250-member Parliament when the Social Democrats withdrew from an alliance with the Socialists after a bitter dispute over economic and social policy. The Social Democrats faulted Soares for his own slowness in enacting agrarian and labor reforms, and they were unwilling to back Soares in elections to select a successor to Eanes, who was ineligible to seek a third presidential term.

In the parliamentary balloting, the Social Democrats captured nearly 30 percent of the vote to win a plurality of 88 seats. They replaced the Socialists, who won 21 percent of the ballots cast and 57 seats, as the country's dominant party.

Why did the Socialists do so badly? Most important, they lost ground because of their identification with the belt-tightening program that sparked layoffs in steel, petrochemicals, shipbuilding and other key industries. Taking advantage of this anti-austerity backlash was the Democratic Renewal party (PRD), a newly formed political vehicle for supporters of Eanes that won 18 percent of the vote and 45 seats. Although Eanes did not leave the presidential pedestal during the campaign, his wife, Manuela Eanes, stumped for the PRD, charging the governing parties with corruption. The left-leaning, ideologically disparate PRD's gains came largely at the expense of the Socialists; the Socialists' 15.5 percent electoral decline between 1983 and 1985 approximated the new party's share of the vote. Alvaro Cunhal's Moscow-oriented Communists and the conservative Center Democrats headed by Francisco Lucas Pires obtained, respectively, 15.5 percent (38 seats) and 9.8 percent (22 seats) of the vote.

After a year of intense infighting, the Social Democratic party passed over several veteran politicians to select Cavaco Silva as its leader. Cavaco Silva, an economist and university professor who had briefly served as finance minister in a conservative government in 1980, made it clear that he would reject the compromises inherent in a coalition government in favor of a Social Democratic Cabinet. The 46-year-old technocrat's unmistakable sense of purpose and his skilled grasp of economic issues earned him the respect of the methodical Eanes.

After Cavaco's inauguration, Soares and four other candidates launched their presidential bids. Efforts to frustrate Soares's presidential quest centered on overt support by Eanes and Communist leader Cunhal for Francisco Salgado Zenha, a founder of the Socialist party who had broken with Soares in 1980 over the issue of Eanes's reelection. For the first time Eanes, whose stern aloofness had brought dignity to the pres-

⁴Quoted in *ibid.*

⁵Quoted in *ibid.*

idency, actively involved himself in partisan politics by endorsing Salgado Zenha. The former finance and justice minister also enjoyed the support of Angelo Veloso, the Communist nominee, who urged Communist voters to back Salgado Zenha, "the only democratic candidate capable of beating the right." Veloso resigned his candidacy at the eleventh hour in an effort to help Salgado Zenha.

This maneuver failed as Soares, with one-fourth of the vote in the first round of balloting, earned a place in the runoff against former Center Democratic leader Diogo Freitas do Amaral who, running as an independent, captured 46.3 percent of the vote—thanks largely to the backing from the PSD and his own Center Democrats. Only one in five voters favored Salgado Zenha; his poor showing is widely seen as hurting Eanes's own political efforts.

To the amazement of many observers, Soares captured the presidency with 51.3 percent of the vote in the second round. What explains the victory of a man whose political career seemed buried in the rubble of the Socialist party's October electoral debacle? First, he waged a highly effective campaign that included television appearances emphasizing courageous opposition both to the protracted right-wing dictatorship and to the leftist revolutionaries who came to power after the 1974 upheaval. Moreover, the Socialist party threw the full weight of a well-oiled machine behind its leader.

The Communists surprised many Portuguese by lining up solidly behind Soares in the February balloting lest they abet the triumph of a right-winger. Cunhal knew that for his party's rank and file, supporting Soares was the political equivalent of scratching fingernails on a blackboard. He told his comrades: "If it upsets you to vote for him, shut your eyes. Ignore the name and photo. Just put a cross in the box next to them on the ballot paper."⁶

The national councils of the PRD and the small, far-left People's Democratic Union, which had backed a Catholic feminist in the first round, also recommended a vote in favor of Soares. Finally, Soares, a strong Europeanist, seemed the right man to be President as his country entered the Common Market.

Soares's victory meant that Portugal would join France in practicing "cohabitation"—a Socialist President would umpire the actions of a right-of-center government. But because Soares and Cavaco complement each other, this power-sharing experiment may

succeed better in Portugal than in France, where National Assembly Deputy Philippe Mestre has called it "a tandem bicycle on which the two cyclists pedal in opposite directions." Although constitutional changes have attenuated presidential powers, the President still acts as commander in chief of the armed forces, boasts the right to dissolve the government under extraordinary circumstances, and can veto legislation by returning bills to Parliament for reapproval by specific majorities. He also enjoys immediate access to the mass media.

Soares, who resigned his party posts to be "President of all Portuguese," has pledged to refrain from meddling in day-to-day administrative matters. He remembers all too vividly the intrusive behavior of his personal antagonist Eanes, who delighted in dismissing Socialist-led governments only to install Prime Ministers with neither charisma nor popular support. Whether the flamboyant, extroverted head of state can resist competing with the Prime Minister for the spotlight remains to be seen. Thus far he has been reserved rather than obtrusive.

A natural division of labor exists between the President and the Prime Minister. Initially wary of each other, both men now exhibit mutual respect. Cavaco Silva's forte is the nuts and bolts of economic policy. In contrast, Soares's passion is international affairs. In addition, just as Soares's successful austerity plan has made it easier for Cavaco Silva to govern, Social Democratic-sponsored economic progress and political stability would enhance Soares's image as a consolidator of Portuguese democracy, thereby enhancing his prospects for reelection in 1990.

The favorable international economic climate bodes well for Cavaco Silva's government, Portugal's sixteenth since 1974. The Prime Minister has recruited intelligent, generally young advisers,⁷ and has displayed a resolute, decisive style of decision making that appeals to a country weary of endless campaigns, political promises and party hoopla. His personal popularity boosted the standing of the Social Democrats to 35 percent in a May, 1986, public opinion survey—an increase of slightly more than five points over the party's October, 1985, electoral performance.⁸

On June 26 Cavaco Silva displayed his tough, uncompromising leadership by demanding a confidence vote after the opposition thwarted his legislation to make it easier for employers to hire and dismiss workers. He won the showdown with a 15-vote majority, thanks to unanimous Social Democratic support, belated Center Democratic backing, and abstentions by 44 deputies of the Democratic Renewal party. The

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⁶Quoted in *Keesing's Contemporary Archives*, April, 1986, p. 34313.

⁷For a searching analysis of Cavaco, his advisers, and the first 200 days of the Social Democratic Prime Minister's government, see *Expresso*, June 7, 1986, pp. 17R–25R.

⁸The polling organization NORMA conducted the poll in six cities: Lisbon, Oporto, Coimbra, Evora, Villa Real, and Viseu. See *Semanario*, May 17, 1986, p. 3.

George W. Grayson has recently visited Portugal. His latest book is *The United States and Mexico: Patterns of Influence* (New York: Praeger, 1984).

"The disarray of the parties to the left and to the right of the Socialists, the continued popularity of [Prime Minister Felipe] González and the spoils of power will ensure that the Socialist reign will continue" in Spain.

Political Pragmatism in Spain

BY MEIR SERFATY

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ON June 22, 1986, in the fourth general election since Spain's transition to liberal democracy, the Spanish Socialist Workers' party (Partido Socialista Obrero Español, PSOE) was reelected.* The election underscored the stability of the new Spanish regime and the strength of the governing PSOE under its pragmatic leader, Felipe González, as much as the inability of the alternative parties to make any inroads with the voters. The chief opposition, the Coalición Popular (CP), a coalition of conservative parties, managed a virtual repetition of its standing in the 1982 election; the only clear winners were the Social Democratic Center (Centro Democrático Social, CDS) under former President Adolfo Suárez, which saw its presence in the lower chamber grow from 2 to 19 seats, and the regional parties, which gained 12 seats. In all, it was a rather dismal showing for the non-Socialists.

The most striking feature of this election is the clear majority the PSOE obtained in spite of the difficulties it had experienced, both internally and externally, since the October, 1982, election. The PSOE won then on the strength of two major planks: to reduce unemployment by 800,000 workers in four years, and to urge Spaniards to vote against membership in the North Atlantic Treaty Organization (NATO), membership that Spain had obtained only six months earlier. By June, 1986, unemployment had increased by nearly 800,000 and the Socialists had arranged a volte-face by asking Spaniards to vote for NATO membership. At the same time, the PSOE, a once proudly democratic and vocal party representing different sectors of Spanish society, had been quieted by González; many observers now consider it not only the most "conservative" socialist party in West Europe, but

also the most "disciplined" structurally.¹ In 1986, even more than in 1984,² the PSOE's ability to remain in power results from its identification with the center of the Spanish political spectrum and from González's ability to epitomize a new breed of successful Spanish politician. He is attractive, young and pragmatic, but not necessarily consistent or ideologically pure. Despite some difficulties with the press, González has maintained his credibility almost intact during the last four years, receiving accolades for his administration and consistently winning the highest approval rating of any politician in democratic Spain.³

One of the PSOE's greatest domestic achievements has been its efforts to slow, if not to eradicate, the activities of ETA-M, the military (terrorist) wing of the Euzkadi ta Azkatasuna (Basque Homeland and Liberty, ETA). González's political successes are important, but they have not led to a decisive halt in politically motivated assassinations.

The Socialists initially made a pact with the Basque Nationalist party (the controlling force in the regional parliament) to develop a united front in the struggle against violence.⁴ Although it has undergone criticism in the Basque region, the new Basque government of José Antonio Ardanza has been less reluctant to cooperate with the central government than was the previous administration of Carlos Garaicoetxea. The new spirit of collaboration has been aided by the Basque population's abhorrence of its reputation as Spain's enfant terrible. Although nearly 20 percent of the Basques remain wedded to the idea of independence, less than 5 percent favor violence.

The Spanish regime's attempts to stop the activities of ETA-M were stymied by the French government's inclination to turn a blind eye to those activities, which were normally initiated on French territory. In January, 1984, the French government finally acceded to Spanish requests for tough measures, beginning to deport suspected ETA-M members to third countries. A few months later, it announced that ETA refugees would no longer be able to obtain residence permits to live in the French Basque region. Finally, in June, 1984, the two governments signed an agreement whereby the French would continue to detain and deport ETA-M suspects, while the Spanish govern-

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¹See for example Donald Share, "Two Transitions: Democratisation and the Evolution of the Spanish Left," *West European Politics*, vol. 8, no. 1 (January, 1985), pp. 82-83.

²Meir Serfaty, "Spain's Socialists: A New Center Party?" *Current History*, April, 1984.

³"España a los pies del PSOE," *Cambio 16* (Madrid), May 5, 1986, p. 16.

⁴See *El País* (Madrid), June 23, 1986.

ment would offer "social reintegration" to ETA-M members who had not committed murders. France, however, stopped short of granting Spain extradition rights, because it continued to regard ETA-M as a politically motivated movement.

Many ETA-M activists have since taken advantage of the offer to allow them to become part of Spanish society without prosecution. Subsequent attempts by the Socialists to enter into direct negotiations with ETA-M have failed. The government has carefully avoided granting political concessions that would disturb many sectors of Spanish society, while a small but well-organized cell of ETA-M holds that nothing short of a loose confederation with Spain will satisfy it. In the meantime, terrorist attacks continue against a hated reminder of the Francisco Franco regime: the Spanish civil guards, the force responsible for maintaining law and order in the Basque territory.

The reappearance of vigilante activities against ETA complicates the situation. A paramilitary force of which little is known, the Antiterrorist Liberation Groups or GAL, has grown in intensity and strength since 1982. Its avowed aim is to kill one Basque activist for every ETA victim, and it has made daring incursions into France to carry out its aim. Although both the government and the police disclaim any ties with it, ETA-M has alleged proof of collusion with the authorities and with wealthy Basque and Spanish businessmen.

NEW DEVELOPMENTS

Two political developments have added further controversy to the Basque conundrum. First, United People (Herri Batasuna, HB), the political arm of ETA-M, which has a contingent of 11 in the regional parliament, successfully challenged the central government's efforts to ban it. In 1984, the Spanish high court overturned a decision by the Ministry of the Interior to bar HB from operating as a legal political party on the grounds that its objectives did not meet the legal requirements of the constitution. The party did well in the 1986 general election, more than doubling its strength from two to five elected members.

The second development is the devolution of central powers to the Spanish regions, a process that has made great strides in Spain since it began in 1978.⁵ Almost all the powers that were to be transferred to the 17 regions have already been delegated to the satisfaction of the regional governments. However, both Catalonia and the Basque provinces have complained that insufficient fiscal resources have been allocated

to them in order to carry out their responsibilities, and they have asked for a renegotiation of the budgetary process.

More specifically, the Basque government continues to threaten to abrogate unilaterally the Statute of Guernica, which forms the basis of Basque autonomy, if the Spanish security forces operating in the region are not replaced by indigenous Basque police (*Ertzaintza*). Both the army and the police have repeatedly warned that abrogation will lead to the disintegration of the Spanish state. Since not even a popular Socialist government can afford to disregard these warnings, the standoff between Madrid and the Basque government continues.

RACIAL TENSIONS IN MELILLA AND CEUTA

Aside from the Basque provinces, Spain's security and stability appear to be threatened by developments in its two North African enclaves of Ceuta and Melilla. Spain held these two cities, located in Moroccan territory, for centuries before Morocco's existence as a sovereign state. When Moroccan independence was granted in 1956 by France and Spain, the two enclaves remained under Spanish control.⁶ Consistently but gently, Morocco has asked for the "return" of both enclaves to its jurisdiction, but Spain has resisted the pressure, claiming historical, strategic and symbolic reasons.

A majority of the people in the two cities are of Spanish descent and have challenged all attempts to negotiate a settlement with Morocco. However, Ceuta and Melilla also contain a large number of Muslim Moroccans, many of them illegal aliens. Melilla particularly, which is located near Nador, a major Moroccan city with over 50 percent unemployment, has withstood a wave of Muslims seeking employment. Although official figures are not available, illegal aliens are said to total nearly half the population of Melilla.

Under a new organic law on the rights and liberties of foreigners, promulgated by Spain in July, 1985, all foreigners are now required to reapply for residence permits; those whose documents are not in order will be expelled. The law dealt a major blow to the Muslims living in the enclaves. Many have lived there since their birth but have never bothered to register or to seek Spanish (or Moroccan) nationality. An organization called *Terra Omnium* (Everyone's Land) has emerged in Melilla to represent Muslim rights. Protest marches have been held and clashes have occurred both with the police and with Spanish residents. The Spanish government, whose delegates in the cities have promised to treat Muslim applications for residency generously, is now being assailed by the Spanish population, which demands that the law be applied without concessions. Spaniards claim that giving Moroccan residents Spanish citizenship will be tantamount to creating a fifth column; what Morocco

⁵See Manuel Clavero, *España: desde el centralismo a las autonomías* (Barcelona: Planeta, 1983) for an analysis of the changes.

⁶The status of these two cities has not been discussed extensively; see Vincenç Fisas, "El contencioso con Marruecos y el futuro estratégico de España," *Afers Internacionals* (Barcelona), Spring, 1983, pp. 40-45.

has not been able to accomplish by diplomacy, it will obtain when the cities come under the electoral control of the Muslim population.

Having visited Melilla recently, the author found a situation potentially not unlike that of Algeria before independence from France, or Northern Ireland today. Although there have been no major outbursts of violence, the two cities are powder kegs ready to explode.

THE ARMED FORCES AND THE POLICE

Any review of developments in Spain cannot afford to overlook the roles of the army and the police. It is true that today a military officer seldom makes a strong and negative statement—as was normally the case only a few years ago—whenever government measures are announced that run counter to the beliefs held by the military. Moreover, there are no longer constant rumors of impending coups, and political parties espousing an extreme right-wing philosophy have failed to gain any representation in the Spanish Parliament. Indeed, it has been estimated that less than one percent of all Spaniards hold views sympathetic to the return of a Francoist order or to the politicization of the army.

The Spanish Socialists have continued to treat the military (and to a lesser extent the police) gently, although more firmly than their predecessors. Internal reorganization of both army and police has been a high priority. In late 1983, the PSOE finally brought the armed forces under the overall political control of the President. The law, which went into effect in January, 1984, created the post of chief of defense staff and demoted the formerly powerful joint chiefs of staff to an advisory role. As a concession to the highly royalist military, the King remains nominally the supreme commander of the armed forces. A career admiral with high professional ethics and liberal leanings, Angel Liberal, was made chief of the defense staff.

Narcís Serra, a Catalan who is defense minister and perhaps one of the most respected members of the Spanish Cabinet, has succeeded where previous democratic defense ministers have failed. He has urged the early retirement of high-ranking officers and has begun modernizing the defense establishment. The armed forces are to be reduced by one-fourth of their officers and one-third of their enlisted men by 1990 and promotion will depend on merit.

Most important, the military's role will again concentrate on the defense of the state from external, not internal, enemies. As part of this plan, the military intelligence staff will be doubled and troops that had been heavily concentrated around Madrid and the large cities will be deployed toward the periphery. After 1986, conscripts will serve a shorter term of military service and will be located in their native regions;

conscientious objection will be recognized as grounds for exemption from service.

In 1985, the government announced measures to place the national police force under full civilian command. A new bill that went before Parliament in late 1985 and has not yet passed would allow the uniformed national police to merge with the plainclothes branch in a national police corps. Army officers would have to decide whether to join the new force as civilians or to return to their military positions.

Defense production has increased considerably over the last four years; the government says it favors self-sufficiency in weaponry for Spain by the turn of the century. In the meantime, sophisticated military equipment, including 72 F-18 planes, has been obtained from the United States and other NATO allies. Salary levels, a sore point with officers, are being aligned with those of government employees. In general, the encouragement given to defense industries, with the subsequent export of arms to countries at war and to dictatorships, has done little to ingratiate the PSOE either with its own pacifist wing or with any other progressive force in the country.

THE ECONOMY

The PSOE began early in its mandate to show its conservative economic tendencies.⁷ González's first minister of economy and finance, Miguel Boyer, was a social democrat whose term was characterized by his efforts to arrest inflationary pressures on the economy, even at the expense of employment, the Socialists' main target during the 1982 election campaign. In the earlier part of his term, which ended in July, 1985, he and Minister of Industry Carlos Solchaga decided to cut financial deficits by restructuring the aging steel and shipbuilding industries. These sectors were largely under government control; they had shown heavy losses and were expected to be hardest hit by membership in the European Economic Community (EEC). In June, 1983, a white paper called for manpower cuts of 60,000 employees in these industries. This white paper became government policy in November, 1983, and its recommendations were put into effect despite unrest and protests by the trade unions.

The Spanish economy has made important advances in the past four years, aided by the stability of the regime and by the PSOE's fiscal policies. Developments in other industrialized countries—lower oil prices, the decline in the dollar and United States economic recovery—have also helped. Almost all economic indicators show that the economy is on the upswing. Economic growth in 1985 was the strongest since 1977 (at 2.1 percent); investment, which had been negative for years, grew by 5.5 percent; and inflation has been gradually reduced since 1977's high of 26.4 percent and is now pegged at 8 percent. Inter-

⁷Serfaty, *op. cit.*, pp. 167–168.

est rates also decreased to 10 percent in mid-1986, and real salaries, buying power and consumption in general have shown progress.⁸

Fears had been expressed that entry into the EEC would adversely affect the economy. It was feared that the value-added tax (VAT), which Spain had to introduce in January, 1986, would increase prices by at least two percent. The balance of payments was expected to suffer a setback because of cheaper imports from some European countries, and it was feared that the level of economic activity in Spain would deteriorate because of the invasion of manufactured goods from European countries with which Spanish products could not compete. Although it is far too early to be sure, it appears that none of these fears have been realized and that the economy will continue to grow at levels equal to, or higher than, those of Spain's European counterparts.

Unemployment, on the other hand, has not been reduced, and remains the highest of any industrialized country. More than three million Spaniards are out of work. While the trade unions blame the government for the 22 percent unemployment, the government counters that in 1985-1986 alone it helped create 114,000 new jobs.

Government policy continues to be, as the new minister of the economy, Carlos Solchaga, puts it, "tremendously austere." The 1986-1987 budget priorities are: a further reduction in the public deficit, measures to improve competitiveness in the private sector and a reduction in inflation and in income taxes. Combatting unemployment has received little more than lip service from the Socialists.

FOREIGN POLICY

Whether by accident or design, foreign policy dominated much of the PSOE's first term. It is in this area that the party's previous ideological stance has been most thoroughly modified. In the 1970's, the Socialists embraced a policy of neutralism similar to Sweden's. The party opposed Spain's decision to join NATO in 1982. Its federal executive agreed that, in the event of a PSOE victory, the issue would be submitted to the people in the form of a referendum and that the new government would campaign aggressively for abrogation of the treaty. Since the majority of Spaniards appeared to oppose military alliances of any kind and NATO in particular, the party's convincing victory at the polls was attributed at least partially to this commitment.

⁸Jorge Hay, "Economía española, euforia para doce meses," *Cambio 16*, June 23, 1986, pp. 36-37.

⁹Fernando Morán, "Así negocié el ingreso," *Cambio 16*, April 8, 1985, pp. 32-34.

¹⁰Francisco Caparrós, "Felipe no quiere referéndum," *Cambio 16*, March 26, 1984, p. 37.

¹¹*Cambio 16*, October 22, 1984, pp. 28-29.

Membership in both NATO and the EEC became paramount issues in Spanish foreign policy after 1982. Succinctly put, the focus of that policy was obtaining EEC membership at almost any cost. West European leaders like Prime Minister Margaret Thatcher of Britain, Chancellor Helmut Kohl of West Germany and Prime Minister Bettino Craxi of Italy linked speed in negotiations for EEC entry with the Spanish commitment to NATO.⁹

For his part, González continued to threaten a referendum on NATO every time EEC negotiations came to a standstill, using the threat in what one commentator called a "calculated ambiguous way": since Spaniards were against NATO but in favor of EEC membership, being turned down by Europe would lead to withdrawal from NATO.¹⁰

As the prospects of entering the EEC brightened, González moved his party away from its anti-NATO stand to a position that actually favored NATO. In May, 1983, during a visit to West Germany, he proffered support for the German decision to allow the deployment of American cruise and Pershing missiles on German soil. In July, he argued in Washington that the Socialists could live with NATO if the people expressed themselves in favor of it. In December, a high-level federal executive meeting of the PSOE showed the strains that were developing between the moderates, led by González and Defense Minister Narcís Serra, and the ideological purists, who included Foreign Affairs Minister Fernando Morán and the influential Vice President, Alfonso Guerra. A few days later, González went on national television to claim that "Spain cannot be here and now a neutral country."

In October, 1984, González chose the occasion of his annual address to the Spanish Parliament to announce the long-expected PSOE shift in policy. With polls showing support eroding for the PSOE and at a crucial point in negotiations to enter the EEC, González made a fervent plea for a national consensus on NATO; he asserted that the PSOE would hold a referendum and would ask Spaniards to vote for NATO in a "political sense" and without military integration. In a move designed to appease the powerful socialist left (*Izquierda socialista*) wing of his party, the Prime Minister stated that the PSOE would simultaneously seek to reduce the American military presence in Spain.¹¹

MEMBERSHIP IN THE EEC

Spain's entry into the Common Market had been traditionally blocked by France, although Italy and

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Italy's five-party coalition government "has managed to provide a fragile stability. . . . Even though the coalition has never concluded a long-term strategic agreement, the parties have agreed to renew the coalition many times in the past five years. This coalition holds despite its many conflicts because there is no other viable basis for a government."

Italy's Durable Coalition Government

BY DOUGLAS A. WERTMAN

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EXCEPT for six months when the Republicans stayed outside the Cabinet, Italy has been governed by the *pentapartito*, the five-party coalition, for the last five years.* This coalition is composed of the same parties that governed Italy from the early 1960's through 1976: the Christian Democrats (DC), the Socialists (PSI), the Republicans (PRI) and the Social Democrats (PSDI), with the addition of the small Liberal party (PLI). In the 1983 parliamentary elections, these parties together won 56.4 percent of the vote, composed as follows: Christian Democrats, 32.9 percent; Socialists, 11.4 percent; Republicans, 5.1 percent; Social Democrats, 4.1 percent; and the Liberal party, 2.9 percent.

The center-left formula had collapsed in 1976 when the Socialists opted for a leftist strategy. However, no stable majority was available after the 1976 elections. For the next three years, there were "national solidarity" governments; the Italian Communist party (PCI), along with the PSI, the PRI, the PSDI and, for part of the time, the PLI, gave support from the outside to two governments composed only of Christian Democratic ministers. This cooperation reached an impasse in early 1979, when the Communists insisted on membership in the Cabinet, and the Christian Democrats refused.

After the breakup of the "national solidarity" majority, the Christian Democrats and the Socialists remained in the Cabinet in March, 1980, and since then they have cooperated in seven successive governments. This renewed alliance became the full-fledged five-party coalition in the government formed by Republican Giovanni Spadolini in mid-1981, which was the first government in 35 years not headed by a Christian Democrat. In fact, in the past five years, the DC held the prime ministership for only six months and Spadolini (mid-1981 to late 1982) and Socialist Bettino Craxi (mid-1983 to the present) headed the government for a total of four and one-half years.

*The views expressed here are the author's and do not necessarily represent the views of the United States Information Agency or the United States government. This article was reviewed before publication by the United States Information Agency.

The five-party coalition has been marked by constant tensions among the parties and has seemed ready to topple frequently. In particular, two parties that frequently feud—the Christian Democrats and the Socialists—are required to work together despite their mutual suspicion. A major and frequent source of tensions in the coalition is the party leaders' constant concern over their party's electoral image and the resulting heated electoral competition and polemics.

Elections of all types—including the 1983 parliamentary elections, the 1984 European Parliament elections, the 1985 regional elections and the 1986 Sicilian elections—have turned into political tests with seemingly important implications for each party's prestige. In fact, the most intense conflict within the coalition usually concerns power rather than substance. The parties themselves—as well as Italy's press—devote the bulk of their attention not to policy issues but to political questions such as government formulas and the prime ministership.

Nonetheless, the five-party coalition has managed to provide a fragile stability. In fact, even though the coalition has never concluded a long-term strategic agreement, the parties have agreed to renew the coalition many times in the past five years. This coalition holds despite its many conflicts because there is no other viable basis for a government. For mathematical, political, ideological and policy reasons, no other government formula is easily imaginable.

A leftist coalition (the PCI and PSI plus two smaller parties, the Radicals and Proletarian Democracy) or a centrist coalition (DC, PRI, PSDI and PLI) has only 45 percent of the vote, and neither is likely to achieve a majority. The future political strategy of the Socialists is a topic of constant debate. Craxi has avoided any long-term strategic pact, like the seven-year accord proposed by the Christian Democrats during the July, 1986, crisis, because he does not want to lose votes on the left by making too permanent a commitment to the five-party coalition.

Nevertheless, at the moment it is unlikely that the Socialists, whose center-left strategy for the past seven years has benefited them greatly in terms of political power, will take the electoral risk involved in destroy-

ing the five-party coalition and the early elections that would follow. Furthermore, a broad coalition excluding the Christian Democrats would require not only the Socialists but also the Republicans and Social Democrats, two centrist parties that are unlikely at present to opt for such a coalition. Finally, a grand coalition including the two major parties, the Christian Democrats and the Communists, is unlikely because the Christian Democrats, as in 1979, would not want to join a coalition that would allow Communists in the Cabinet.

During the past five years, the five-party coalition has won a majority in each electoral test. A high point was the coalition's double victory in mid-1985. First, despite the usual electoral polemics among the five parties, the coalition won a solid victory in the 1985 regional elections; the coalition parties together won 58 percent, representing a gain of more than four percent compared to 1984 and two percent compared to 1983. One month later, in the Communist-initiated referendum to overturn the Craxi government's 1984 decree cutting the degree of wage indexation, the five parties joined together to urge a no vote, after initial disagreement on tactics. Craxi dramatized the referendum by making it a test of the government's economic program and promising to resign if the vote went the wrong way.

The victory of the government, plus the results of the regional elections, added to the image of a solidified five-party coalition and an isolated Communist party. However, in this case, the glow was short-lived, as it has been when the coalition has performed well in a government crisis. In fact, almost immediately after any coalition success, many politicians and the press begin once again to sow the seeds of doubt and conflict by talking about the clouds on the horizon.

THE THREE MAJOR PARTIES

After many years of hegemony in the Italian political system, the Christian Democrats entered a crisis in the mid-1970's, the electoral effects of which they were able to delay for a while, particularly through the emphasis on anticommunism in the 1976 and 1979 parliamentary elections. But the Christian Democrats suffered major losses of more than 5 percent in the 1983 elections. Since the Socialists, while gaining 1.6 percent, did not live up to expectations for a much larger advance, the weakened position of the Christian Democrats was the major factor in Craxi's rise to the prime ministership.

Many observers saw the DC's big loss in the 1983 elections as the beginning of an irreversible decline for a party that had been in power continuously for 40 years in a society that had undergone significant secularization. However, confounding these predictions, the Christian Democrats held their own in the 1984 European elections, though the party's 33 per-

cent was slightly below the Communists' 33.3 percent. Thus the PCI became the largest party in a nationwide election for the first time in the postwar period.

In the 1985 regional elections, the DC regained two percent; the major factor in its victory was undoubtedly the heavy anti-Communist emphasis in the campaign. The DC's good showing clearly improved its political position and confidence. With the personal assistance of party secretary Ciriaco de Mita, DC candidate Francesco Cossiga was elected in July, 1985, on the first ballot. De Mita, DC leader since 1982, reinforced his own position in the party when he received three-fourths of the votes at the DC national congress in May, 1986. Thus, by mid-1986, the DC and its leader were in a stronger position than at any time since their 1983 election losses.

The Italian Socialist party plays an indispensable role in the coalition and will continue to do so; its roughly one-tenth of the vote (11.4 percent in the 1983 elections) is essential to the existence of the five-party coalition. This indispensability, coupled with the forceful personality and political skills of Bettino Craxi, has given the Socialists a considerably larger share of power at the national, regional and local level than the party's 11.4 percent would indicate, and the Socialists have retained the prime ministership for what will be nearly four years. However, Craxi has been more of a success with power than with elections; neither his ten years as secretary nor his three years as Prime Minister seems to have given the party a significant electoral boost; the party has gained less than two percent in national elections over the past decade.

The Italian Communist party remains a strong party at the mass level—with about 30 percent of the vote—and it has fared better than the French and Spanish Communist parties. However, the PCI was weak and isolated in the Italian political system between the 1979 and 1983 parliamentary elections. Thus it played a very marginal role in the July, 1986, government crisis. Furthermore, in 1983, the PCI, the major opposition party, was unable to profit from the large Christian Democratic losses.

The weakness of the PCI is even clearer since the party's double electoral defeat in 1985: its poor showing in the 1985 regional and local elections; and the defeat one month later of the PCI-initiated referendum to overturn the Craxi government's wage indexation decree.

There are other symptoms of the PCI's weakness. It lacks a clear political proposal; it has moved back and forth between a leftist coalition and a "government of program," an agreement on the "things to do," with the question of the political composition of the government not well defined. There are also internal differences over this political strategy as well as over policies—differences that were by no means settled at the PCI's April, 1986, national party congress

or in the internal debate in the six months before the congress. Finally, between 1977 and 1985, party membership, particularly important for a highly organized mass party like the PCI, declined by 240,000 out of about 1.5 million members.

CRAXI ONE AND CRAXI TWO

The first government led by Prime Minister Bettino Craxi lasted longer than any other in postwar Italian history: 1,058 days (one month short of three years; the old record was 833 days). In fact, its life was more than three times longer than the 314-day (10-month) average for postwar governments. Craxi's government, however, was marked by many tensions, and it suffered 163 defeats in the Chamber of Deputies, all in secret votes. In fact, several times it looked as if there would be a government crisis, for example, over nominees to important positions in RAI (Radio-televisione Italiana) public broadcasting and in public corporations and banks; over the control of public sector industries; and over whether the five-party formula should be repeated at the local level wherever possible. The government came very close to falling in October, 1985, after the Republican party's resignation (eventually withdrawn) over the *Achille Lauro*–Abu Abbas affair.†

Particularly early in its life, the first Craxi government was viewed as forceful and decisive; but especially in the second half of its life, it was seen as immobile and unable to act. While international economic developments have improved Italy's economy, a share of the credit must go to the Craxi government, particularly for actions like the February, 1984, decree that cut the rate of wage indexation, the continued emphasis on fighting inflation, and the law pushed by Finance Minister Bruno Visentini to reduce the level of tax evasion by small businessmen. However, like its predecessors, the Craxi government has been unable to take strong actions to deal with the budget deficit.

The Craxi government has continued its generally effective policies against domestic terrorism, thanks to improved police capabilities in the past five years and the testimony of "repentant" ex-terrorists. Finally, the Craxi government has attempted to give Italy a higher profile in international affairs.

The tensions between the Christian Democrats and the Socialists in the struggle to maximize political power were the major source of conflict during the 35-day

government crisis that began in late June, 1986. The Socialists had won the prime ministership after the 1983 elections because of major DC losses. By the first half of 1986, a more confident DC wanted to regain the prime ministership or at least to gain explicit recognition from the Socialists of the principle of alternation of the prime ministership between the Socialist/lay parties on one hand and the DC on the other.

The DC also argued that it had been a loyal ally for three years and that in most parliamentary democracies the largest party holds the prime ministership. In fact, the DC holds 60 percent of the coalition's seats in Parliament and nearly three times as many seats as the PSI, the second largest coalition partner. The indispensability of the PSI to any coalition is, of course, its major bargaining tool. In this crisis, the two main protagonists were de Mita and Craxi.

The result of this difficult crisis was a 20-month agreement providing for a second Craxi government that would stay in office until March, 1987. At that time, during the PSI national party congress, Craxi will be reelected as party secretary. If the agreement works out in practice, this second Craxi government would be followed by a DC-led government that would stay in office until the next regularly scheduled parliamentary elections in June, 1988.

Thus the parties withdrew from the brink again and reached a compromise to keep the five-party coalition alive. No other majority seemed feasible.

There was much debate about who won and who lost in the crisis, but it is not easy to say that either the DC or the PSI was the winner. The Christian Democrats can claim victory since they were given an explicit acceptance of alternation, at least for the next 20 months. On the other hand, the Socialists would not accept a seven-year strategic agreement on the five-party coalition and on the principle of alternation. However, the Socialists can claim victory since Craxi was able to retain the prime ministership for eight more months after nearly three years as Prime Minister. Craxi Two (the forty-fourth government of the Italian republic) was constituted on August 1, 1986, with eight ministerial shifts, including five new ministers (only one of whom had never been a minister), but the major Cabinet positions remained in the same hands.

Since mid-1985, the five-party alliance has been extended to the local level in many places that, since 1975 or 1980, had been governed by leftist coalitions. This became possible in many cities, provinces and regions because of the success of the five-party coalition in the 1985 regional and local elections. The DC demanded that, as part of the PSI's commitment to the five-party formula, wherever numerically possible, the Socialists should shift from a leftist coalition to a five-party coalition, even if the continuation of a leftist government were possible. Ultimately, after sig-

†Editor's note: On October 10, 1985, Italian authorities took into custody four members of the Palestine Liberation Front (PLF) who had hijacked the Italian cruise ship *Achille Lauro* and killed an American passenger. Despite a United States request, the Italian government refused to charge PLF head Mohammed Abu Abbas in connection with the hijacking although he had joined the hijackers; Abbas was subsequently allowed to leave Italy. The government's action caused a near-crisis in Italy.

nificant political tensions, the five-party formula was adopted at the local level throughout much of Italy, including Rome and Milan, further isolating the PCI at the national level and greatly reducing its role in local government outside its "Red Belt" stronghold in central Italy.¹

INSTITUTIONAL REFORM

The five-party coalition has given Italy a degree of political stability, but it has provided less efficiency in decision making. Persuading five parties, each with the right to veto, to agree on tough economic decisions is extremely difficult. This problem has complicated decision making in Italy throughout the postwar period. Furthermore, the current coalition is marked by as many if not more political jealousies and electoral tensions.

Part of the difficulties of governing in Italy can be explained by institutional factors. First, the very precise form of proportional representation used to elect both the Chamber of Deputies and the Senate means that the vote will always be fragmented and that at least four parties will be required to form a government. Two features of the legislative process, almost unique to Italy among Western parliamentary democracies, also complicate the ability of a government to act in Parliament. The secret vote is widely used in the Chamber of Deputies and is actually required by Chamber rules for the vote on final passage of a bill. In addition, the two houses of Parliament have identical legislative powers. Some changes may be made in the secret vote, which was instrumental in defeating the first Craxi government on 163 legislative votes; the second Craxi government will fight hard to modify the Chamber's rules.

In general, institutional reform has proved extremely

¹For example, the number of leftist coalitions among Italy's 95 provincial capitals (including Italy's largest cities) dropped from 36 before the 1985 local elections to 17 in mid-1986, with a commensurate increase to 58 in the number of five-party coalitions. Reported in *Il Giorno*, August 5, 1986, p. 2.

²In the October-November, 1985, Eurobarometer, the semiannual public opinion survey sponsored by the European Community (EC), only 28 percent of the Italians said they were very or fairly "satisfied with the way democracy works in Italy." Sixty-nine percent were not very or not at all satisfied. These views are by far the most negative of the 10 EC publics surveyed about their country's democracy (Spain and Portugal were not included); they have been negative all 18 times this question has been asked in the Eurobarometer, beginning in 1973. At the same time, these surveys show that Italians overwhelmingly favor reforms rather than radical change in their political system. Reported in *Eurobarometer No. 24*, a report issued by the European Community Commission, December, 1985.

³The eight projections on growth rates and inflation plus other aspects of the economy were reported in *Il Sole-24 Ore*, June 5, 1986, p. 5, and August 3-4, 1986, p. 3; *La Repubblica*, July 30, 1986, p. 3; and *Panorama*, August 10, 1986, p. 154.

difficult. The question of institutional reform has been a major point of debate among political elites, scholars and journalists in the past five years; but despite this debate and despite widespread public dissatisfaction with the way the political system functions, there have been very few results.² A joint Chamber-Senate committee, working for more than a year after the 1983 elections, discussed many ideas for institutional reform, and a change in the electoral system was one of the prominent topics. Ultimately it proved difficult to reach majority agreement on virtually any reform proposal, and nothing happened.

ITALY'S ECONOMY

Politicians, journalists and economists are currently debating whether to be optimistic or pessimistic about the Italian economy. The dominant mood is one of cautious optimism. Optimism, for example, was the tone of the annual report of the governor of the Bank of Italy in late May. Projections issued in June and July, 1986, by research institutes and by major international organizations like the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the European Community (EC) were also optimistic.³

This is a considerably more positive picture than the one given in the 1981-1983 period, when Italy's gross national product (GNP) actually declined slightly in real terms. In 1984 and 1985, the growth rates were 2.6 percent and 2.3 percent, respectively. Today, most research institutes and international organizations project a growth rate in the range of 2.5 to 3 percent in 1986 and in 1987; those making projections beyond 1987 foresee several more years of growth in this range. In sum, it is predicted that Italy will grow at a slow, stable rate which, while not approaching the levels of growth of the 1950's and 1960's, is better than the stagnation of the early 1980's.

However, Italy faces two long-term problems that will not be easy to resolve: the budget deficit and the high unemployment rate.

Inflation has dropped considerably. It has been one of Italy's major economic problems; it was in double digits for more than a decade before late 1984, and reached its high point of 21.2 percent in 1980. Inflation has dropped in two major spurts during the Craxi years: from about 15 percent in mid-1983 to just under 9 percent in late 1984; and (after no change in the inflation level in 1985) from nearly 9 percent in early 1986 to just under 6 percent by the end of July, 1986.

Much of the credit for the first drop must go to the Craxi government, particularly for its forceful action on wage indexation in early 1984. The 1986 drop in inflation is largely the result of international factors, including the substantial drop in oil prices and the value of the dollar. Much progress has been made on inflation, but it remains higher in Italy than in most

other major industrialized countries, although a predicted drop in 1987 to about four percent would narrow the difference.

What are other positive signs? First, there has been considerable improvement in Italy's current account balance, which will probably be positive for the year, again largely as a result of the drop in the price of oil and the dollar. Unfortunately, Italy's substantial exports to the oil-producing countries will be hurt. Second, despite conflict between labor and management, significant progress was made between 1983 and 1986 on the very sticky issue of wage indexation. This progress occurred because of the much more aggressive posture of the industrialists in the 1980's; the role played by the government as intermediary; and the willingness of the trade union movement—except for the Communist majority in the largest trade union confederation, CGIL, and some smaller independent unions—to compromise on wage indexation.

Third, labor-management relations have improved considerably in the past year; the number of hours lost to strikes dropped significantly from 1982 until 1985, when the total in hours lost was the lowest it had been in 30 years. It is hard to predict the outcome of the wage settlements now being negotiated; again, however, the mood is one of moderate optimism.

Finally, private industries, particularly many of the giants like Fiat and Olivetti, have steered a healthier course in recent years, and a number have undertaken serious restructuring. The public companies, while in some cases making progress toward reducing losses and debts, have been slower to reform.

There remain two major structural problems for the Italian economy. The budget deficit, which will be equal to about 14 percent of GNP in 1986 and which is proportionately much higher than it is in most other major industrialized countries, has been one of the major issues confronting the five-party coalition governments in the 1980's. There has been limited progress, for example, in increasing the prices of public services, in fighting tax evasion, in privatization of some public sector industries, and in "budgetizing" the reductions in the price of oil rather than cutting the cost of gasoline to the consumer.

There has been a tendency to enact temporary measures each year to meet that year's target, but there has been little action on structural reform in the social welfare system (particularly health care and pension costs) in order to control the growth of expenditures for these programs.

Italy's other major long-term problem is its 11 percent unemployment rate, which in recent years has been higher than at any time for several decades. The problem is particularly acute in the south, and among women and the young (the unemployment rate among those aged 14 to 29 is currently 26 percent, one of the highest rates in any OECD country). Neither the

unemployment problem in general nor the special problem of youth unemployment is likely to improve soon. The stable but moderate growth rates predicted for the next several years in the Italian economy will not have much effect on Italy's unemployment.

For most of the postwar period, foreign policy issues have been of little consequence in Italian politics. But the government crisis in October, 1985, was an exception. In fact, the *Achille Lauro*–Abu Abbas crisis was the result of differences of opinion in the Italian government over a range of interrelated issues. In part, the disagreements stemmed from Italy's Middle East policy and Italy's stand against international terrorism, in particular, Palestinian terrorism; in part, the disagreements concerned collegiality in government decision making. The Republicans pulled out of the Cabinet because their leader, Giovanni Spadolini (the defense minister in both Craxi governments), felt that he had not been consulted adequately in the final hours before the decision was made to allow Abu Abbas to leave Italy. This crisis ended more quickly than expected. The PRI ministers withdrew their resignations after they were given guarantees on collegiality. They were reassured about Italy's commitment to fight terrorism and about its Middle East policy, in particular the role that Italy foresaw for the PLO in any peace negotiations.

The financial bill, referendums related to the judicial process, and the usual political tensions and distrust among the parties could create stumbling blocks before March, 1987. In other words, the agreement reached among the five parties of the coalition in July, 1986, may not hold, and the real test will come in March, 1987. If the 20-month pact falls apart, early elections are likely. However, since it may well be in the best interest of all five parties, there is a good chance that the next 20 months will follow the script agreed to by the second Craxi government. If this agreement holds, it will be the first time in 20 years that Italy has not had early elections.

If the national elections held in March, 1987, follow the pattern of the 1985 regional elections and the 1986 Sicilian elections, the basic situation will be little changed. Thus there is a reasonable chance that the five-party coalition will continue in power beyond 1988. If so, there will certainly be conflict over the prime ministership, and the relationship among the parties will remain uneasy. ■

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BOOK REVIEWS

ON WEST EUROPE

THE HOLOCAUST. A HISTORY OF THE JEWS OF EUROPE DURING THE SECOND WORLD WAR. By *Martin Gilbert*. (New York: Holt, Rinehart and Winston, 1986. 959 pages, notes, photographs and index, \$24.95.)

Like the event it describes, *The Holocaust* defies simple explanation. At one level, Gilbert's skillful assembly of oral histories, manuscripts, letters, books and government records objectively documents the history of Nazi Germany's extermination of Europe's Jews. But Gilbert also allows these sources to express the emotional dimension of the organized, wholesale slaughter of humans for ideological reasons. Individual acts of courage and resistance are recorded against the ongoing litany of death. Gilbert's book is not the definitive work on the Holocaust; but it is the most compelling. W.W.F.

THE TRANSFORMATION OF SPAIN: FROM FRANCO TO THE CONSTITUTIONAL MONARCHY. By *David Gilmour*. (Salem, N.H.: Merrimack Publishers' Circle, 1985. 322 pages, notes, bibliography and index, \$19.95.)

THE TRIUMPH OF DEMOCRACY IN SPAIN. By *Paul Preston*. (New York: Methuen, 1986. 274 pages, notes, bibliography and index, \$32.00.)

Both these books are excellent histories of Spain's transition to democracy. Gilmour's account is journalistic and Preston's is scholarly; but neither book is simplistic or sterile in its treatment of the changes that have occurred in Spanish political life since the death of Francisco Franco and the electoral victory of the Socialists. W.W.F.

PORTUGAL'S REVOLUTION: TEN YEARS ON. By *Hugo Gil Ferreira and Michael W. Marshall*. (New York: Cambridge University Press, 1986. 303 pages, appendixes, bibliography and index, \$34.50.)

This compilation of oral interviews with the major military actors in Portugal's revolution in 1974 is an essential primary source for anyone interested in understanding the military coup that ended 50 years of dictatorship. The authors supplement the interviews with abundant background material on the economy, society, politics and foreign policy at the time of the coup. W.W.F.

FRANCE, FIN DE SIÈCLE. By *Eugen Weber*. (Cambridge: Harvard University Press, 1986. 294 pages, notes, photographs and index, \$20.00.)

The impending twentieth century fascinated

nineteenth-century France. For the French, the new century would further the scientific and technological progress that had just started to bear material fruits like plumbing, the telephone, central heating and electricity. But the enthusiasm France showed for the new was matched by the apprehension that French society's moral and spiritual bases were being corrupted by the modern world. *Fin de Siècle* is engaging social history written by an able, articulate historian. W.W.F.

THE SOVIET PROBLEM IN AMERICAN-GERMAN RELATIONS. Edited by *Uwe Nerlich and James A. Thomson*. (New York: Crane, Russak and Co., 1985. 425 pages, notes and index, \$37.50.)

Written by scholars from the Rand Corporation and West Germany's Stiftung Wissenschaft und Politik, *The Soviet Problem* is a detailed analysis of how the United States and West Germany view the security needs of West Germany, NATO and the United States in West Europe. The papers are uniformly well written and informative, but they are not especially thought-provoking. W.W.F.

THE FRENCH SOCIALIST PARTY: RESURGENCE AND VICTORY. By *D. S. Bell and Byron Criddle*. (New York: Oxford University Press, 1984. 311 pages, notes, appendixes, bibliography and index, \$29.95.)

The French Socialist party's legislative victory in 1981 is now history, but Bell and Criddle's review of the party's growth and electoral successes still stands as an excellent guide to the party's inner workings. The book is supplemented by short biographies of major Socialist figures. The narrative covers events up to the 1983 Mauroy government. W.W.F.

SECURING EUROPE'S FUTURE. Edited by *Stephen J. Flanagan and Fen Osler Hampson*. (Dover, Mass. Auburn House Publishing, 1986. 334 pages, notes and index, \$32.50.)

As Andrew Pierre notes in his foreword, NATO's decision to deploy Pershing 2 and cruise missiles has catalyzed discussion of how best to defend West Europe. This selection of essays by younger scholars associated with Harvard's Center for Science and International Affairs assesses the various dimensions of West European security, including the effects of the new AirLand conventional "offense" defense, Star Wars, arms control and high-technology weapons. W.W.F.

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THE UNITED STATES AND WEST EUROPE

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limitation treaty (SALT 2), President Jimmy Carter's unratified arms agreement, had become so loose that it amounted to outright violations.

Reagan officials were surprisingly ineffective in addressing the mounting concerns of the European allies on SDI. Britain's Prime Minister Margaret Thatcher endorsed the Star Wars research program during her visit to Washington in February, 1985. But leading European experts and many American scientists predicted that SDI would never produce results commensurate with its promise and its cost. To gain support in Europe, American officials suggested early that European firms would be permitted to compete in the bidding for specific defense projects. In March, 1985, Weinberger gave the European governments 60 days to decide whether they wanted to enter a technological partnership with the United States.

The immediate reaction was cool. In London, Foreign Secretary Howe expressed his government's skepticism, saying that SDI reflected a Maginot Line mentality. West Germany's Genscher argued that SDI would damage the strategic unity of the alliance and would undermine the arrangements that had served Europe so well. Eventually the Thatcher government in London signed an agreement on SDI research. In March, 1985, Chancellor Helmut Kohl of West Germany announced that his government had reached an agreement permitting West German participation in Star Wars research. Opposition leaders in both London and Bonn accused Thatcher and Kohl of subservience to the United States.

During the late summer and autumn of 1985 Europe's attention shifted from the stalemate on arms control to the forthcoming summit scheduled for Geneva in November. What fascinated Europeans and Americans alike, in addition to the effort being made by Washington and Moscow to narrow the gap on arms control, were the personalities of the two leaders and the promise of a remarkable spectacle. Mikhail S. Gorbachev, the new Soviet General Secretary, marched toward the summit amid televised press conferences, ubiquitous meetings with world leaders, a successful visit to Paris, and claims that he had initiated the Soviet-American exchanges on arms proposals. Even as American officials declared the Soviet proposals old and unacceptable, they acknowledged Gorbachev's success in establishing the Soviet position as moderate and reasonable. Refusing to budge on SDI, President Reagan tried to put Gorbachev on the defensive by adding regional conflicts to the summit agenda.

Despite the maneuvering, the propaganda and the struggle for advantage, the European press predicted

smiles but meager results. London's *Daily Telegraph* anticipated a change in style, but not in substance. Warning against overexpectation, *Die Zeit* declared that Reagan and Gorbachev could not build an enduring bridge in two or three days. The summit itself, the first in six years, was fundamentally a media event, with both sides striving for a propaganda advantage while the issues became lost in imagery. Experience had taught that summits were not good for conducting business. The two leaders agreed to nothing except to meet again in 1986 and 1987. "And because President Reagan," asserted Ian Davidson in London's *Financial Times*, "seems determined not to give the Soviets the one thing they want most, the explicit ban on Star Wars deployment, . . . the joint declaration that their negotiations will do better in the future seems based on a dose of illusion."

Back in Washington, President Reagan received a Defense Department report documenting Soviet cheating on the 1972 Anti-Ballistic Missile (ABM) and SALT 2 treaties. On December 31, 1986, the unratified SALT treaty would expire. Whatever the state of Soviet compliance, Europeans opposed any formal dismissal of the treaty as a guide for American defense policy. Despite Europe's known preferences, in late May, 1986, the President announced that the United States would no longer be bound by the SALT 2 formula and would violate its central provisions before the end of the year unless the Kremlin changed its behavior. In giving the Soviet Union time to reconsider, the President announced in June that he would dismantle two Poseidon nuclear submarines to keep within the confines of SALT 2.

Europe's reaction to the Reagan threat was bitter. "It's a disaster," fumed Helmut Kohl. Some Europeans thought the atmosphere was more dangerous than at any time since World War II. *The Economist* reported that half the Britons polled distrusted the President's judgment and believed the United States no less a threat to peace than the Soviet Union.

In Washington, even while they argued that the President was justified in his response to Soviet cheating, officials admitted that the administration had failed to anticipate the European reaction. Gorbachev, recognizing Europe's nuclear anxiety, filled the air with new arms proposals while Defense Department officials, reading the fine print, rejected them. European leaders—Thatcher, French President François Mitterrand and Kohl—could see no danger in responding positively to Russian overtures. They favored negotiations, finding hope in the assumption that President Reagan, unlike some of his advisers, favored an arms agreement as the one means available to overcome the legacies of huge federal debts and trade deficits that he could no longer reverse.

Ultimately, Europe's dissatisfaction with the Reagan administration centered on its economic policies.

Throughout the 1980's, Europe lagged behind the United States and East Asia in job creation and technological progress. Unemployment reached 18 million by 1984 and threatened to rise even higher. Helmut Schmidt attributed the structural economic problems facing both Europe and the United States to America's fiscal disarray, caused by inadequate taxes, a grossly inflated military budget, and huge federal deficits that required massive borrowing, much of it from West Europe and Japan.

High interest rates, the product of overborrowing, sustained an overvalued dollar that curtailed critical American exports, producing unprecedented trade deficits and a dangerous protectionist crusade. High interest rates magnified the financial burdens of third world countries, threatened the American banking structure with disaster, and deprived Europe of the investment capital it required to transform its industrial base. Europeans were troubled especially by the Reagan defense program, which consumed dollars by the hundreds of billions and exceeded what they regarded as essential for European and American security.

A RECOVERY PROGRAM

Shortly before the Bonn economic summit of May, 1985, Secretary Shultz prescribed his own recovery program for Europe. Protectionist trade barriers, he warned, would damage business in general without conferring any lasting benefits even on those sectors of the economy endangered by imports. He observed, second, that the dollar could not be cheapened or stabilized by government interventions in the world currency markets. With this argument, Shultz confronted leaders of the European Economic Community, who argued that trade barriers could be eliminated only if the trading nations engaged in negotiations aimed specifically at monetary reform. Third, Shultz urged joint action by Europe, Japan and the United States to sustain economic growth as the surest guarantee against protectionism and depression. Rather than relying on exports to the United States to sustain their economies, Europe and Japan should encourage spending inside their countries.

At Bonn, President Reagan promised to encourage economic growth by reducing the American budget deficit. At the same time, he pressed West Germany and Britain especially to accept larger deficits of their own to fuel economic growth as the United States had done in previous years. Europe's spokesmen at Bonn agreed on the need to create prosperity and jobs by encouraging new business, but they rejected outright the plea that they copy America's recovery by running up colossal deficits and covering them with foreign investments—an escape from immediate disaster available only to the United States. West Germany was afraid that any move to stimulate its domestic

economy would ignite inflation, although American officials believed that West Germany had not fully exploited its growth potential.

Shultz's preachments against protectionism faced opposition in both Europe and the United States. Troubled by the growing American trade deficits, in late 1984 the Reagan administration closed the American market to European steel pipes. Earlier, it had restricted imports of European specialty and bulk steel. Next, the administration threatened Europe with retaliation against its agricultural subsidies. The American share of Europe's agricultural imports had fallen from 26 percent in 1974 to 20 percent in 1983, while the Europeans successfully maintained their agricultural competitiveness in other markets. By 1984, the United States had run up huge trade deficits in the Common Market countries. Without some price adjustment in Europe, any phasing out of American agricultural subsidies would deprive American producers of their remaining European markets. At Bonn, Mitterrand blamed the trade imbalances on fluctuating currency exchange rates and demanded negotiations to establish fixed exchange rates. At the same time the French leader moved to protect French agriculture from foreign competition through new trade arrangements. Kohl, Thatcher and Reagan warned Mitterrand that protectionism for French farmers would unleash protectionist demands around the world.

By the spring of 1986, Europe and the United States were approaching a trade war. The crisis began when Spain and Portugal, both new members of the European Economic Community, decided to tax farm imports, especially American grains and oil seeds, to raise prices to European levels. When the EEC failed to provide compensation for America's predicted losses of \$1 billion, President Reagan announced United States import quotas and tariff increases on European goods. The EEC responded by threatening import restrictions in retaliation against the United States. Washington rejected EEC advice to seek compensation under the international General Agreement on Tariffs and Trade (GATT).

Again Europeans complained that the United States used GATT when it sought general agreements on trade and tariffs but ignored GATT when it believed it could obtain better arrangements through bilateral negotiations. Long before the Tokyo economic summit of June, 1986, France had pressed members of the EEC to retaliate against the Reagan trade policies. The trend toward protectionism on both sides of the Atlantic resurrected memories of the 1930's. And the trans-Atlantic disagreements over fiscal and trade policies threatened to become more pervasive with the passage of time.

Disagreements of such magnitude, whether over questions of security or trade, led some Western observers to wonder whether the North Atlantic alli-

ance had become obsolete. Economic disagreements, unfortunately, were more intransigent because they touched the quality of life for countless individuals. Whatever the strains within NATO, however, mutual interests in peace, security and economic progress were sufficiently clear to support the proposition that institutionalized cooperation was still preferable to unbridled national action. What divided Western leaders on security issues was not their conflicting national interests but their differing perceptions of danger, both in Europe and in the third world, and their differing notions of what constituted a reasonable decision when measured by its possible effect on regional security.

Some Western leaders thought that Soviet ambition eliminated the possibility of successful coexistence and required the elimination of the Soviet system. Others believed that the West could accept the existing international order as the basis of policy. Those who shared a pessimistic view of the world were a small minority whose influence, in the United States and elsewhere, vastly exceeded their numbers. What characterized the outlook of the Western world on most security issues was not disagreement but a broad international consensus, one sufficient to control the important decisions. ■

GREECE IN FLUX

(Continued from page 372)

In 1986, Greek foreign policy may be viewed in terms of an impossible task: to take pro-Soviet positions while depending on American and European support, economic aid and defense. Greece's economic support and trade come overwhelmingly from the West; Greece's military and defense posture vis-à-vis Turkey depends, in the last analysis, on NATO and Greece's Western allies; Greece's military hardware continues to come from the West, especially the United States. No particular support has been provided by the Soviet Union.

At the same time, all Greek efforts to isolate Turkey have failed. Greece itself has been isolated and is more vulnerable to Turkish threats. No effort has been made to engage Turkey in a dialogue in order to improve military, defense, trade and tourist relations. In fact, the Greek government intervened to prevent the government of Cyprus and its President, Spyros Kyprianou, from using the good offices of the United Nations Secretary General to pursue a dialogue about the future political organization of the island. Turkey remains the rock on which Greeks vent their nationalism. Yet without the United States, the rock may be catapulted upon Greece.

Greek ideology and rhetoric point in one direction, tactics and realpolitik in the other. At times, Papandreou has been praised for his realism. After all, the landmarks of Greek foreign policy remain what they were in 1981. Yet the ideology he professes may, at

the slightest provocation, cause an unravelling of the country's alliances. Economic and international constraints suggest that ideology will be toned down and reality will be accepted. But ideology has its own imperatives and often finds a way to impose them on reality.

PASOK'S RULE

In contrast to virtually all other European countries, including the new Mediterranean democracies, Greece is in a state of flux. PASOK has infiltrated and penetrated all Greek institutions and has extended its controls to many societal forces, including education, communication, the local and regional councils set up in the name of decentralization, and the economy. In the name of agricultural cooperatives it has invaded the most stubborn corner of Greek individualism, the farm. It has tried to bring trade unions under control; powerful economic constraints and incentives in the hands of the state may also undermine the independence of the press. PASOK dominates the political landscape and casts a long shadow over the society and the economy. Under these circumstances, the future of Greek democracy remains uncertain.

Uncertainty about democracy is compounded by serious questions about the future of Greek foreign policy. Powerful forces from the Communists and from PASOK's left-wing activists push Greece in the direction of nonalignment and neutrality and even beyond. Papandreou's rhetoric as a self-professed Marxist leads in the same direction. Equally powerful economic and defense considerations (particularly defense against Turkey, with which the Soviet Union wishes to maintain good relations) push Greece in the direction of the status quo within the Atlantic alliances and West Europe and force Papandreou to accept the American military bases.

Thus, five years of PASOK rule in Greece cannot be easily characterized. Some may view the five years as ephemeral and episodic. But others may find in this period the beginning of a new era. ■

WEST GERMANY

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of a formal indictment. In May, 1986, both investigations ended and the complaints were dismissed for lack of evidence. Nonetheless, the incident damaged Kohl's popularity. The Christian Democrats sharply attacked the prosecutors in both cases, contending that the entire matter was an attempt to use the judicial system for political purposes.

But the sharpest sustained criticism of Kohl occurred in 1985 because of the Bitburg affair. Consistent with his desire to relieve postwar generations of the burdens of the Nazi era, Kohl had proposed that President Reagan, in Germany for the economic summit,

should visit a German military cemetery in the small town of Bitburg in Kohl's home state, Rhineland-Palatinate. Kohl saw the wreath-laying ceremony as a symbolic gesture of German-American reconciliation. After it was discovered that the cemetery also contained the remains of 49 SS troops, President Reagan came under heavy pressure to cancel the visit from American Jewish and veterans groups, many members of Congress and even some of his strongest supporters. Kohl, who was privately urged by the White House to propose an alternative, rejected any changes in the presidential itinerary. The Social Democrats charged him with sloppy planning and insensitivity to the horrors of the Nazi era, but they stopped short of demanding that Reagan cancel the trip, which was very popular in West Germany.

Helmut Kohl is the first Chancellor who did not experience the Third Reich as an adult. Thus, more than any of his predecessors, he has attempted to appeal to patriotic symbols and national pride. The evocation of national themes remains a very sensitive topic in the German political culture. Terms such as *Vaterland* and nation and an emphasis on the last 40 years of German history have appeared frequently in Kohl's speeches. He has pushed plans for the construction of two large museums, in Bonn and Berlin, dealing with German history. While not denying Germany's responsibility for the Third Reich and World War II, Kohl (together with some conservative German intellectuals) has urged that Germans in general and post-war generations in particular develop a positive sense of German history. To Germans born since 1945, according to this view, the Hitler period belongs to a distant past that should no longer have any influence on West Germany's stature and prestige. West Germany, Kohl believes, has earned the right to be accepted as an equal in the Western community; the past should no longer limit the capability of the Federal Republic to act.

THE NEW POVERTY

Since the early 1980's, the combination of slow economic growth, high unemployment and cuts in social welfare programs has produced growing poverty in West Germany. The "new poverty," as Germans term it, refers especially to the condition of the long-term unemployed, divorced women with children, low-income pensioners and refugees seeking asylum. The proportion of unemployed who have been jobless for more than one year has risen from 16 percent in 1981 to 36 percent in 1985. The longer a worker is unemployed, the lower his or her level of support. After one year (18 months for older workers), unemployment compensation, which is based on employer-employee

contributions and amounts to about two-thirds of the worker's prior wages, ceases and is replaced by unemployment aid. These payments are about 15 to 17 percent less than unemployment compensation and require an examination of the applicant's personal finances.

Once a worker's eligibility for this support is exhausted, the only alternative is the general welfare system. These payments, however, are still lower (by about 7 percent) than the unemployment aid and require a needs or means test. Between 1981 and 1986, the proportion of unemployed workers in the top tier (wage-based unemployment compensation) has dropped from 57 percent to 38 percent, while the unemployed workers dependent on either unemployment aid or welfare has grown from 43 percent to 52 percent.²

Since 1982, the Kohl government has made a variety of cuts in welfare programs, the pension system and health care. Cost-of-living increases in pensions and unemployment payments have been postponed or reduced on several occasions, child-support benefits have been cut back, and hospital and medicine fees have been imposed on participants in the national health insurance system. These reductions have affected those at the lower end of the income ladder more than middle or upper income groups. It is now estimated that about five percent of the inhabitants of West Germany live below the poverty line.³

THE NUCLEAR POWER QUESTION

A major unknown in the current political situation is the political and electoral effect of the nuclear power issue, especially in the wake of the Chernobyl disaster. Since the mid-1970's a grass-roots antinuclear power movement has emerged in the Federal Republic. Initially dismissed as a noisy extremist sect by both the Christian Democrats and the Schmidt-led SPD-FDP coalition as well as by major business and labor groups, the antinuclear movement nonetheless has grown in strength and has become a major source of activists and voters for the Greens. Several nuclear power plant projects have been delayed or abandoned because of the movement's activities. The success of the Greens in 1983 and the return to opposition by the SPD have broadened the base of the movement's political support as the antinuclear wing of the SPD has grown in influence.

Public opinion, however, remained divided on the nuclear question until the Chernobyl accident. By May, 1986, public opposition to further construction of nuclear plants stood at 83 percent, up from 52 percent in 1982. Only 16 percent of the adult population favored new nuclear power plants. But the expected electoral benefits for the Greens and the SPD were not forthcoming in the June, 1986, state election in Lower Saxony. With 7.1 percent of the vote, the Greens were

²*Die Zeit*, vol. 41, no. 26 (1986), p. 44.

³Erika Martens, "Klassengesellschaft neuer Art," *Die Zeit*, vol. 40, no. 22 (1986), p. 9.

able to remain in Parliament, but they could not secure enough support to form a government with the Social Democrats. The SPD initially responded to Chernobyl by calling for the phased shutdown of all nuclear plants. In recent weeks, however, the party has pulled back from this position.

While continuing to support nuclear power, after the accident Chancellor Kohl took the responsibility for nuclear and environmental questions from the Interior Ministry and assigned it to a new Ministry for the Environment, Protection of Nature and Reactor Safety headed by Walter Wallmann, mayor of Frankfurt and deputy chairman of the Christian Democrats. Interior Minister Friedrich Zimmermann, a Bavarian conservative and strong supporter of nuclear power, had been sharply criticized both inside and outside the government for his handling of the Chernobyl issue. In a move designed to deflect criticism over the issue, Kohl also expanded the responsibilities of the Ministry of Youth, Family and Health to include women's rights. The ministry is headed by Rita Süßmuth, one of the most popular and successful members of the government.

Given the personal popularity of SPD candidate Johannes Rau, the Christian Democrats will attempt to avoid a personalistic, Chancellor-oriented campaign. Instead, the party will present the government as a successful team, which has brought Germany back to economic prosperity, reduced state deficits, cut taxes, and restored its stature as a dependable ally of the United States and a major force in the European Community. "*Wir sind wieder Spitze geworden!*" (We're first rate once again!) will be a prominent slogan of the Christian Democrats. Those members of the government with high popularity ratings like Finance Minister Gerhard Stoltenberg, Science and Research Minister Heinz Riesenhuber, and Labor Minister Norbert Blüm will be featured in the party's electoral appeals.

Both governing parties will also pursue what they term the "two-camp" election campaign. They will attempt to portray West German politics as divided between two completely irreconcilable groups—the Christian Democrats and the liberal Free Democrats in one camp, the "Reds" and the "Greens" in the other. The policy differences between the two camps, the CDU and the FDP contend, are so great that no voter can leave one camp or the other without abandoning his or her entire political philosophy. While conceding that there are well-meaning and reasonable people in the SPD, the CDU and the FDP will claim that moderate Social Democrats can come to power only with the support of the extremist Greens and the far left wing of the Social Democrats. The government is clearly attempting to monopolize the center of the political spectrum and to play on the strong German aversion to extreme or radical groups.

In 10 previous elections, West German voters have been reluctant to make sudden and major changes through the ballot box; since 1949 voters have never completely removed an incumbent regime.

West German politics have thus far been characterized by relatively long cycles: 20 years of center-right dominance (1949–1969), 13 years of center-left regimes (1969–1982) and, since 1983, the return of the center-right. The common element in these cycles has been the strong presence of center forces. While the Social Democrats have made important gains in the past two years, it appears unlikely that, with or without the Greens, they can unseat the "Koalition der Mitte." ■

SPAIN

(Continued from page 380)

Greece (ironically, all three were under Socialist governments) were also unhappy about agricultural policies and the added pressure that Spanish membership would place on the community. Spanish entry was therefore delayed continually in 1983 and 1984, mostly at France's urging. Toward the end of 1984 and in early 1985, when it became evident that the 1986 deadline for admission would not be met, the Spanish government asked for and obtained special marathon sessions to resolve outstanding problems. Finally, in March, 1985, the foreign ministers of the EEC agreed in principle to the enlargement of the community by the incorporation of Spain and Portugal.

Except for agriculture, the terms of entry were basically favorable to Spain.¹² The PSOE had made membership in the EEC a pivotal aspect of its foreign policy under González, and it conducted negotiations with a fervor, intensity and dedication not matched by previous governments: an interesting change in a party that had once seriously contemplated a third world option.

With entry to the EEC assured, in late 1985 González returned to the issue of NATO and set March 12, 1986, as the date for the referendum. Many pacifist groups, combining Greens, Communists, regional and nationalist parties and even Carlists (monarchists), were determined to defeat the Socialist position. But despite many popular demonstrations and protests, the electorate voted convincingly to retain ties with NATO, particularly after the Prime Minister's challenge not to use the referendum as a means to punish the Socialists, but to await the coming general election to accomplish that objective.

González's gamble paid off: Spain's European and Atlantic vocation had been consolidated, and his stance in favor of NATO assured his own reelection three months later.

The 1986 election has had an immediate effect: one

¹²The terms of entry are covered fully in the special issue of *El País*, "Europa en España," April 15, 1985.

of the partners of the CP, the Democratic Popular party (PDP), has vowed to leave the coalition, alleging that the CP failed to capture the imagination of the electorate because of its poor strategy. It is difficult to estimate whether this will be a major blow to the chief partner of the coalition, the Popular Alliance (AP) under Manuel Fraga, because opinion polls have never separated support for the three parties forming the coalition. Based on the electoral lists prepared by the coalition, it appears that about 20 percent of the CP's current support will be in jeopardy, as will Fraga's controversial leadership:

Similarly, the Communist party under Gerardo Iglesias, which has been beset by internal squabbles, is not likely to survive unscathed. It has been decimated by the defection of former leader Santiago Carrillo, and the departure of Ignacio Gallego and Ramón Tamames, two powerful influences in the Communist movement. These leaders have formed their own political parties, with essentially negligible results at the polls.

The surprise in the election was undoubtedly generated by the CDS. Since 1982 its leader, Adolfo Suárez, has been involved in a battle for centrist votes with Miguel Roca of the Democratic Reform party (PRD). The PRD has the support of many businesspeople and waged an expensive and sophisticated electoral campaign, but failed to win any seats. On the other hand, Suárez remains an attractive figure and is second only to González in popularity. Five years after his abrupt resignation from the Spanish presidency, many Spaniards still remember fondly how he converted Spain from a dictatorship to a liberal democracy.

Observers believe that Suárez's downfall was brought about by the leaders of the factions that made up the Democratic Center party and that dominated the party even in the heyday of his presidency.¹³ They also believe that in Spain today only Suárez can defeat González at the polls. Now that he has created his own party and has no political debts to pay, it will be interesting to see whether Suárez can convert his coterie into an alternative to the PSOE. Since his party does not differ substantially in ideology from the PSOE, Suárez's resurgence would assert the victory of centrism and the further weakening of polarization in Spanish politics.

However, the results of the 1986 general election demonstrate convincingly that the PSOE has a high approval rating. Despite protests by some members of its youth and leftist factions, the disarray of the parties to the left and to the right of the Socialists, the continued popularity of González and the spoils of power will ensure that the Socialist reign will continue. ■

¹³See Emilio Attard, *Vida y muerte de UCD* (Barcelona: Planeta, 1983).

POLITICAL DEVELOPMENTS IN BRITAIN

(Continued from page 368)

of 1986 underscored the differences between the British and other Commonwealth governments. Yet the Commonwealth could not easily be ignored. Even today, the British Commonwealth accounts for nearly 40 percent of the total British earnings from direct investment abroad, and in 1985 Britain enjoyed a trade surplus of \$1.63 billion with the other Commonwealth nations.

The British tried to engage in more flexible diplomacy in order to serve as a broker between the two sides in the South African conflict. In early February John Johnson, an assistant undersecretary in the foreign and Commonwealth office, met representatives of the African National Congress (ANC) in Lusaka. Foreign Secretary Geoffrey Howe, attending a larger regular conference of foreign ministers, approved of the meeting. Previously, the British government had refused to meet with members of the ANC as long as that organization remained committed to violence. In June, the British government invited Oliver Tambo, president of the ANC, to meet and on June 24 he talked in London with Lynda Chalker, a minister of state at the foreign office.

As a result of these developments, the Prime Minister faced new criticism. Some complained that she was slighting the Commonwealth and putting herself at odds with the Queen, for whom the organization has always been a high priority. Meanwhile, critics expressed outrage at the contacts with the ANC. Turmoil in South Africa did not seem to be strengthening the Thatcher government's popularity.

CONCLUSION

The Conservative party has been challenged but is still in charge. The Tory majority in the House of Commons remains very substantial and national elections do not have to be called before 1988. Elections are likely to take place in 1987, but a year is a long time in national politics. Neil Kinnock, the Labour leader, has wrestled the far left generally back into line with the moderate wing. Labour is gaining in the polls, but national opinion is increasingly volatile. The Liberal/Social Democratic Alliance has been strengthened by that volatility, but for that very reason it could fade quickly, and in any case it has yet to establish a significant beachhead in the House of Commons.

Thatcher may lead the Conservative party to defeat in the next national election. More likely, if polls indicate disaster is approaching, she will be quickly replaced as leader. Currently, former Defense Minister Michael Heseltine is by far the most popular senior, visible Tory personality. ■

PORTUGAL

(Continued from page 376)

Social Democrats did not have a leader to oppose Cavaco Silva because Eanes had not made up his mind to take charge of the party; and the Socialists (who joined the Communists in condemning the labor bill) had not yet replaced Soares (in midyear the Socialists selected Vitor Constancio, an economist and former governor of the Bank of Portugal, as head of the party).

To stay in power after the opposition has coalesced, Cavaco Silva will have to balance assertiveness on some issues with a willingness to bargain and compromise on others. The latter may prove difficult for a professor turned politician whose self-confidence borders on arrogance. Still, his greatest challenge is to convince the Portuguese to believe in themselves and convert their proud nation of 10 million inhabitants from an undeveloped backwater of West Europe into a modern EEC state. ■

FRANCE

(Continued from page 365)

have some restrictions on the organization and concentration of the press. The center-right has instituted a major reform of state-owned television and radio in France, which includes the privatization of TFI, a major television channel.

The 1984 Savary law dealing with the university system has been abrogated and replaced by a measure giving more autonomy to individual state universities. Minister of Justice Albin Chalandon has instituted some major reforms in the field of law and order, including more stringent measures against criminals, juvenile delinquents and terrorists; increased police powers; the creation of a nonfalsifiable national identification card; enhanced police authority to supervise the actions of foreigners residing in France; and restrictions on the rights of political asylum and activism for foreigners.

Although President Mitterrand was critical of a number of these actions, cohabitation proceeded without major incident until mid-July, when a clash developed over the proposed denationalization decree. This project was originally presented in April and met with presidential opposition, and was to meet some objections by both the Constitutional Council and the Council of State.

Somewhat unexpectedly, Mitterrand announced on July 14 that he would not sign this decree because he was responsible for protecting France's heritage and national independence; he contended that the project might allow part of the "national patrimony" to fall

⁶For background see Michael M. Harrison, *The Reluctant Ally: France and Atlantic Security* (Baltimore: Johns Hopkins University Press, 1981).

into "foreign hands." With this move, he obliged Chirac to submit the plan to a full parliamentary debate and delay its implementation by about a month.

This was the first time in Fifth Republic history that a President and a Prime Minister directly and openly clashed over a major policy issue. Clearly, cohabitation was a new form of political struggle between the left and right in France, with an uncertain future and an unpredictable outcome.

For the immediate future, however, it is the presidential race that matters most. Observers have noted that in mid-1986 Chirac's popularity was on the decline after a brief spurt of public approval, while Mitterrand had established a level of support 55 percent higher than he held at any other time in his presidency. These were not the only presidential contenders, however, and there are some doubts that Mitterrand (who was 70 in October, 1986) would run again unless the presidential term were cut to five years. Michel Rocard remains the leading Socialist candidate, but he is challenged within his own party by figures like Fabius, Jacques Delors, and perhaps PS Secretary General Lionel Jospin.

On the center-right, Giscard d'Estaing may harbor some ambitions (more likely, illusions) about returning to the Elysée Palace, while the head of Giscard's Republican party, François Léotard, appears to believe that a dynamic image created by political marketing will propel him into office. Raymond Barre remains another formidable contender, although his standing has fallen because of his obstinate refusal to condone cohabitation.

The National Assembly elections have marked only a temporary transition between the Socialist years and an uncertain future. When the presidential succession is settled, France can revert to the normal Fifth Republic situation of a coherent political majority supporting both the National Assembly and the President. Until then French politics are likely to be marked by conflict, uncertainty and an altogether unusual struggle for power within the executive offices of the regime itself.

POSTSCRIPT: FOREIGN POLICY

Foreign and defense policy was not a source of major controversy during the Socialist years. All French political parties (except the PCF) support the Gaullist security design based on the principles of independence, support for a national nuclear force, membership in the Atlantic alliance but autonomy from the North Atlantic Treaty Organization (NATO), close but not subservient ties to the United States, and an active role in fostering West European political and eventually defense cooperation.⁶ The innovations made by François Mitterrand after 1981 were well within the parameters of this national consensus.

Although French ties with the United States were

stronger than they had been at any time since the beginning of the Gaullist era, there were enough tensions to remind leaders on both sides that France remains the most independent and potentially obstreperous American ally. In 1982, France led a successful European movement to oppose President Ronald Reagan's plan for scuttling the construction of a Soviet-West European gas pipeline and the important contracts that went along with the project. After the 1986 elections, France refused the United States permission to fly over its national territory during the retaliatory raid on Libya in April, 1986. This was a decision approved by both Mitterrand and Chirac, confirming the fact that a politically divided regime in Paris was able to maintain a consensus that might frustrate and antagonize the United States.

The balance sheet of Mitterrand's foreign policy is as mixed as his record in domestic affairs.⁷ During the first year or so of his presidency, there was an evident lack of presidential assertiveness and direction that lent an air of incoherence to France's international activities. After 1982, however, the President played a more forceful role, somewhat compensating for the weak foreign ministers serving Socialist governments (Claude Cheysson until December, 1984; then Roland Dumas).

A centralization of authority could not, however, save Mitterrand from important policy failures like the French involvement in Chad. There, France provided military backing against opposition forces supported by Libya until an agreement with Libya's strongman Muammar Qaddafi in September, 1984, provided for mutual withdrawal. To France's great embarrassment, Libya violated its agreement and by February, 1986, Paris was again providing material and air support to the government of Chad.

On the positive side of the ledger, Socialist foreign policy was successful in defense and security affairs. The development of France's nuclear force continued and the government approved the construction of a seventh missile-launching submarine (due in 1994) and undertook an ambitious defense modernization program. By 1991, France will have about 480 nuclear warheads, maintaining its status as the world's third-ranking nuclear power.

Mitterrand's efforts to foster French-German and European security cooperation may be seen as one of the major accomplishments of his presidency. The effort was based on the French-West German treaty of 1963, which Mitterrand and West German Chancellor Helmut Kohl revived in October, 1982, in order to carry out intensified defense discussions and cooperation. Progress has been slow, but in February, 1986, both sides agreed to consult on the use of French tactical

nuclear weapons in the case of aggression against West Germany. This cautious but deliberate "Europeanization" of France's security policy opened up new perspectives for fulfilling de Gaulle's grand design for a more independent West Europe.

Since March, 1986, there have been some innovations in the formulation of French foreign policy. The President has retained a certain supremacy in this field, and was able to ensure that Chirac's choices for the ministers of foreign affairs (Jean-Bernard Raimond) and defense (André Giraud) were men he could work with. However, the usual Fifth Republic practice of excluding the Prime Minister from international affairs has been abandoned at the insistence of Chirac who has set up a body of foreign policy advisers in his office and has taken an active role in foreign policy. Thus, the Prime Minister accompanied the President to the May, 1986, Tokyo summit of the leading industrialized countries, and has asserted his influence over relations with francophone Africa, normally a privileged domain of the President.

Chirac and Mitterrand have openly disagreed over the American Strategic Defense Initiative (SDI), which the Socialists have opposed and the center-right has cautiously favored. Although the rival leaders of France's dual executive are unlikely to let their foreign policy differences escalate into a major confrontation, their differences confirmed the fact that French affairs in 1986 were unusually unpredictable. ■

BOOK REVIEWS

(Continued from page 386)

CONSTRAINTS ON STRATEGY: THE ECONOMICS OF WESTERN SECURITY. *Edited by David B. H. Denoon.* (Elmsford, N.Y.: Pergamon Press 1986. 254 pages, notes, bibliography and index \$24.95.)

What effect does defense spending have on a country's domestic economy? How can United States allies afford the defense burdens required of them? A series of essays ably edited and introduced by *Current History* contributing editor David Denoon explores these questions. The contributors generally agree that defense spending has a positive effect on a nation's economy because it spurs investment in nondefense areas. Some of the papers are technical, but the discussion is generally understandable to the lay reader.

WEST GERMAN POLITICS. *By Lewis J. Edinger* (New York: Columbia University Press, 1985. 342 pages, notes, suggested readings and index, \$30.00 cloth; \$10.00, paper.)

This is a competent, readable survey of West Germany's government, political structure and parties. ■

⁷For a midterm assessment see Michael M. Harrison, "Mitterrand's France in the Atlantic System," *Political Science Quarterly*, vol. 99, no. 2 (Summer, 1984), pp. 219-246.

THE MONTH IN REVIEW

A Current History chronology covering the most important events of September, 1986, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arms Control

(See also *U.S., Foreign Policy*)

Sept. 4—In Geneva, talks between the U.S. and the Soviet Union resume on nuclear testing and chemical weapons.

Sept. 21—In Stockholm, negotiators for the Warsaw Pact and the North Atlantic Treaty Organization (NATO) reach agreement on the advance warning and monitoring of military exercises; limited on-site inspection of each side's forces will be allowed on demand.

European Economic Community (EEC)

Sept. 16—The EEC votes to impose limited sanctions on South Africa; new EEC investment in South Africa will not be allowed and imports of South African steel and iron and gold coins will be banned.

Sept. 25—EEC officials issue a communiqué after an emergency meeting; the group will set up a communications system linking antiterrorist police forces in all 12 countries.

General Agreement on Tariffs and Trade (GATT)

Sept. 20—In Punta del Este, Uruguay, officials from 74 nations end a weeklong session to set the agenda for an 8th round of trade talks to be held October 31 in Geneva; the trade talks will include trade in goods and services, a topic that was requested by the U.S., and discussion on the reduction of agricultural subsidies.

Group of Seven

Sept. 27—In Washington, D.C., finance ministers from the U.S., Japan, West Germany, Britain, France, Canada and Italy end their meeting on coordinating each country's interest rates.

International Atomic Energy Agency (IAEA)

Sept. 25—At a conference in Vienna, Sweden says that it will phase out its nuclear power plants by the year 2010.

International Terrorism

(See *EEC; Pakistan; Turkey*)

Iran-Iraq War

Sept. 12—An Iranian missile explodes in downtown Baghdad, killing 24 people.

Sept. 13—The Iraqi military says its planes bombed 5 Iranian oil-pumping stations today.

Sept. 20—The Iranian government says its planes bombed an Iraqi radar station today, setting it on fire.

Unaligned Movement (NAM)

Sept. 1—NAM opens its 8th triennial summit in Harare, Zimbabwe.

Sept. 2—Iran's delegate to the summit demands the expulsion of Iraq from the movement and the execution of Iraqi leaders for "war crimes."

Oliver Tambo, the head of the African National Congress in South Africa, says he is willing to meet with U.S. Secretary of State George Shultz.

Cuban President Fidel Castro offers to withdraw Cuban troops from Angola if South Africa recognizes Namibia's independence.

Sept. 4—At the summit, Libyan leader Muammar Qaddafi denounces NAM as ineffectual because its members in-

clude "spies and puppets" for the imperialist West. He threatens to withdraw from the movement.

Sept. 7—The summit ends.

United Nations (UN)

(See also *Israel; Lebanon; Sudan; U.S.S.R.; U.S., Foreign Policy*)

Sept. 16—The 41st session of the UN General Assembly opens.

Sept. 19—Secretary General Javier Pérez de Cuéllar threatens to remove UN peacekeeping troops from southern Lebanon because of continued attacks on the troops. He says the continued occupation of southern Lebanon by Israel is the cause of the attacks and he calls for the immediate withdrawal of Israeli troops.

AFGHANISTAN

(See *U.S.S.R.*)

ANGOLA

(See *Intl, NAM*)

BOLIVIA

Sept. 10—The interior minister says that as part of a drug-eradication program, U.S. troops will stay in Bolivia 1 more month.

Sept. 14—The government says it will release imprisoned trade union leaders if miners go back to work and if 2,000 people will end their hunger strike. The coal miners union says it will consider the offer.

CHILE

Sept. 4—Soldiers kill 1 man and arrest 100 demonstrators on the 1st day of a 2-day work stoppage called by the Communist party.

Sept. 7—General Augusto Pinochet, the head of the military government, escapes an assassination attempt that leaves 5 of his bodyguards dead. A leftist group, the Manuel Rodriguez Patriotic Front, claims responsibility for the attack.

Sept. 8—Pinochet imposes a state of siege; 2 leading opposition politicians are arrested and 3 French priests are expelled. Two opposition magazines are ordered closed.

Sept. 9—José Carrasco, the editor of one of the closed magazines, is killed after being taken from his home by armed men early today; the government denies responsibility for Carrasco's death.

CHINA

(See also *Nicaragua*)

Sept. 7—In a television interview, de facto leader Deng Xiaoping says he wants to retire from politics next year but is encountering opposition to his proposed retirement. Deng also says he will meet with Soviet General Secretary Mikhail Gorbachev if the Soviet Union will sponsor the removal of Vietnamese troops from Kampuchea.

Sept. 25—The government says it will resume talks with the Soviet Union on the disputed border between the 2 countries; the talks were suspended 8 years ago.

A deputy Communist party official in He County in

southern Guangx region is executed for leading a group that made more than \$50,000 through fraud and bribery.

Sept. 26—In Shanghai, a stock exchange opens for business; it is the first stock exchange to open under Communist rule.

Sept. 28—The full Central Committee meets to approve China's economic reform program; the committee issues a warning against blindly worshipping "bourgeois philosophies."

CUBA

(See *Intl, NAM*)

ECUADOR

Sept. 27—Finance Minister Alberto Dahik is censured and dismissed by the Congress because opposition members in Congress believe Dahik's policies hurt the poor.

EGYPT

Sept. 11—In Alexandria, Egyptian President Hosni Mubarak and Israeli Prime Minister Shimon Peres begin a 2-day summit meeting, the 1st in 5 years; Mubarak says Egypt will return its ambassador to Israel, who was recalled because of Israel's 1982 invasion of Lebanon.

Sept. 12—Mubarak and Peres end their meeting with a communiqué; no substantive issues are decided and there is no agreement on the issue of Palestinian representation in peace talks.

EL SALVADOR

Sept. 19—Guerrilla representatives refuse to meet with President José Napoleón Duarte after he arrives in Sesori for a 3d round of peace talks.

FRANCE

(See also *Togo; Lebanon*)

Sept. 8—A bomb explosion at city hall in Paris kills 1 person and wounds 16; a group called the Committee for Solidarity with Arab and Middle Eastern Political Prisoners claims responsibility; the group says it will continue the bombings until Georges Ibrahim Abdallah, a Lebanese accused of heading a terrorist group, is released from a French prison.

Sept. 14—Prime Minister Jacques Chirac announces that all non-Europeans will need visas to travel in France; the visa requirement, which will last 6 months, is part of a crackdown on terrorist bombings.

In Paris, a bomb explodes in the Champs Elysées tourist district; 1 person is killed. The Committee for Solidarity with Arab and Middle Eastern Political Prisoners claims responsibility.

Sept. 15—A bomb explodes at a police station in Paris; 1 person is killed and 50 are injured by the blast; the Committee for Solidarity with Arab and Middle Eastern Political Prisoners claims responsibility.

Sept. 17—In Paris, two men throw a bomb into a crowded Left Bank department store; 5 people are killed and 58 are injured.

Sept. 30—In an interview in the right-wing newspaper *Le Figaro*, Minister of Cooperation Michel Aurillac says there is evidence of Syrian involvement in this month's terrorist attacks.

GERMANY, WEST

Sept. 25—The Bundesbank policymaking council votes to leave the discount rate, which is also its interest rate, at 3.5 percent; many Western nations, including the U.S., have asked Germany to cut the rate in order to spur Western economies.

IRAN

(See *Intl, Iran-Iraq War, NAM*)

Sept. 4—The Iranian navy releases a Soviet freighter after forcing it to dock yesterday to search for war goods bound for Iraq.

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *Intl, UN; Egypt; Lebanon; Syria*)

Sept. 8—Prime Minister Shimon Peres accepts a public apology from Minister for Industry and Trade Ariel Sharon for saying that Peres's attempts to reach a Middle East peace settlement contributed to the killing of 21 Turkish Jews in Ankara on September 6.

Sept. 15—Prime Minister Peres meets in Washington, D.C. with U.S. President Ronald Reagan; the men agree that direct negotiations rather than an international conference are the best way to achieve peace in the Middle East.

Sept. 22—Peres meets at the UN with Soviet Foreign Minister Eduard Shevardnadze; Peres says further contacts between the 2 countries are planned.

Troops and armored vehicles are massed on the northern border with Lebanon; the buildup is seen as a warning to Shiite guerrillas, who have recently staged large-scale attacks on the Israeli-backed Christian militia in southern Lebanon.

Sept. 23—Foreign Minister Yitzhak Shamir says Israel has no intention of invading Lebanon.

Sept. 24—Defense Minister Yitzhak Rabin says Israel opposes a UN plan to place UN peacekeeping troops on the Israeli-Lebanese border.

ITALY

Sept. 19—The government formally signs an agreement with the U.S. to participate in the U.S. Strategic Defense Initiative (SDI or Star Wars) by bidding on research program

JAPAN

Sept. 8—Prime Minister Yasuhiro Nakasone removes Education Minister Masayuki Fujio from his office because Fujio's recent remarks that South Korea asked to be annexed by Japan in 1910; Fujio also downplayed the massacre of Chinese civilians by Japanese forces in World War II.

Sept. 9—Japan agrees to participate in research for the U.S. SDI; the Japanese note that this is not a guarantee of Japanese involvement in the program.

Sept. 11—The governing Liberal Democratic party votes unanimously to change its rules and extend Nakasone's term by 12 months; the old rules would require Nakasone to step down next month because he has served 2 consecutive years as head of the party.

Sept. 19—Japan imposes limited economic sanctions on South Africa; the sanctions ban iron and steel imports from South Africa and suspend the issuing of tourist visas for South Africans.

Sept. 24—Japanese newspapers report that Prime Minister Nakasone yesterday said that the intellectual "level" of the U.S. population is lower than Japan's because "there are a considerable number of blacks, Puerto Ricans and Mexicans" in the U.S.

Sept. 26—Nakasone formally apologizes for his racist remarks.

JORDAN

Sept. 2—King Hussein meets with U.S. envoy Richard Murphy in Amman; Hussein reportedly tells Murphy that Middle East peace will occur only through the work of an international conference.

KAMPUCHEA

(See *China*)

KOREA, SOUTH

(See *Japan*)

LEBANON

(See also *Intl, UN; Israel; Syria*)

- pt. 2—President Amin Gemayel's Cabinet meets for the 1st time in 9 months; the Cabinet ministers say they will write a national charter to end the civil war.
- pt. 4—Three French soldiers in the UN Interim Force in Lebanon (UNIFL) are killed by Shiite Muslim guerrillas in southern Lebanon; the killings break a truce called by Muslim and Christian militias yesterday.
- pt. 9—An American director of a private school in Beirut, Frank Herbert Reed, is kidnapped.
- pt. 11—Islamic Jihad says it did not kidnap Reed; however, the group is holding 3 other Americans hostage.
- pt. 12—An American, Joseph Cicippio, the chief accountant of the American University of Beirut, is kidnapped in Beirut; no group takes responsibility.
- pt. 18—A gunman kills the French military attaché in Beirut; no group takes responsibility.
- pt. 25—Israeli jets bomb suspected Palestine Liberation Organization (PLO) targets in the Mieh Mieh refugee camp; on September 23, Israeli jets bombed a suspected Palestinian guerrilla base near Beirut; 1 person was killed in today's attack.
- pt. 28—Christian militiamen backed by the Lebanese army repel a pro-Syrian Christian militia assault on Christian East Beirut; 52 people have been killed and 200 have been wounded in the fighting that began yesterday.

LIBYA

(See *Intl, NAM; U.S., Foreign Policy*)

MALAYSIA

- pt. 26—The government orders the expulsion of 2 journalists working for the *Asian Wall Street Journal* and it bans the sale of the paper for 3 months; the government says it is taking these actions after studying articles in the paper.

MEXICO

- pt. 1—In his state of the union address, President Miguel de la Madrid Hurtado says that Mexico's economic problems result from the decline in the price of oil and are not attributable to his domestic economic policies.
- pt. 24—Finance Minister Gustavo Petrocioli says that Japan has agreed to offer Mexico \$1 billion in credits for development of a steel plant, an oil pipeline and export-oriented industries.
- pt. 30—In Washington, D.C., the Bank Advisory Group for Mexico, a consortium of commercial banks, announces that it has reached "agreement in principle" to supply Mexico with \$6 billion in new loans; another \$6 billion will now be released by the International Monetary Fund and the World Bank.

MOZAMBIQUE

- pt. 22—The government asks for immediate emergency food aid; it says at least 4 million people face starvation because of drought this year.

NICARAGUA

- pt. 5—The government lifts restrictions on political meetings and eases censorship in order to allow debate on the drafting of a new constitution.
- pt. 14—In China for an official visit, President Daniel

Ortega Saavedra says the Chinese have promised Nicaragua \$20 million in loans.

- Sept. 27—President Ortega meets with Roman Catholic Archbishop Miguel Cardinal Obando y Bravo; the archbishop is an outspoken critic of the government.

PAKISTAN

(See also *U.S., Foreign Policy*)

- Sept. 5—Four Arab gunmen seize a U.S. Pan American jumbo jet at the airport in Karachi; the plane's crew escapes. The gunmen kill an American passenger.
- Sept. 6—The gunmen panic when the plane's generators stop supplying electricity to the plane; they shoot into the crowd of passengers, killing 15. Pakistani commandos storm the plane, kill 2 of the hijackers and capture the other 2.
- Sept. 7—The government now says all 4 hijackers were captured yesterday; the death toll is put at 16.
- Sept. 8—Opposition leader Benazir Bhutto is released; she and other opposition figures were detained last month in a government crackdown.
- Sept. 16—In Islamabad, a Soviet military attaché is killed by a gunman who wanted to emigrate to the Soviet Union.

PHILIPPINES

(See also *U.S., Foreign Policy, Legislation*)

- Sept. 12—The Supreme Court overturns the acquittals of 26 men involved in the assassination of opposition leader Benigno Aquino; the court says the trial that led to the acquittals was a "sham" maneuver by President Ferdinand Marcos.
- Sept. 15—President Corazon Aquino arrives in the U.S. for a 9-day trip.
- The military is placed on alert for a possible coup attempt during Aquino's absence.
- Sept. 25—Aquino returns from her U.S. trip.
- Sept. 27—The National Democratic Front, a guerrilla umbrella organization, says it will offer President Aquino its own plan to end the war.
- Sept. 30—The army arrests Rodolfo Salas, the chairman of the Communist party and the head of the New People's Army.

SOUTH AFRICA

(See also *Intl, EEC, NAM; Japan; UK, Great Britain; U.S., Foreign Policy, Legislation*)

- Sept. 1—A bomb explodes in a supermarket in Durban; 18 people are injured.
- Sept. 3—The government imposes new restrictions on the reporting of racial disturbances; reporters are now required not to be "within sight" of any racial unrest.
- Sept. 4—Police break up a banned mass funeral for 20 blacks killed last week by police.
- Sept. 24—A bomb explodes near the suburban home of Del Kevan, a white woman in charge of housing policy in the black township of Soweto.
- Sept. 26—Kevan resigns as housing director.
- A bomb explodes at a bar in Johannesburg; 3 people are injured.
- Sept. 27—In response to U.S. President Ronald Reagan's veto yesterday of economic sanctions against South Africa, Nobel Peace Prize winner Bishop Desmond Tutu says the President "will be judged harshly by history."

SRI LANKA

- Sept. 18—A car bomb explodes in Batticaloa, killing 10 people; the government accuses Tamil guerrillas of planting the bomb.

SUDAN

Sept. 29—Sudan People's Liberation Army guerrillas announce that they will fire on UN planes carrying relief supplies to famine areas in the southern Sudan; on September 24 the guerrillas said they would not fire on the planes; the guerrillas shot down a civilian airliner last month.

SWEDEN

(See *Intl, IAEA*)

SYRIA

Sept. 23—President Hafez Assad says that Syria will launch a "stunning retaliation" if Israel invades Lebanon; Israeli troops and armor have been moved to the Lebanese border in the last few days.

TAIWAN

Sept. 24—Three opposition leaders in exile in the U.S. announce the formation of the Taiwan Democratic party; opposition parties are banned in Taiwan. The 3 men say they will return to Taiwan later this year.

TOGO

Sept. 26—At the request of the government, 200 French soldiers and a French warship arrive; the government requested French support because of a coup attempt on September 23 in which 13 people were killed.

TURKEY

Sept. 6—Two Arab terrorists kill 21 Jewish worshipers in a grenade and machine gun attack on a synagogue in Ankara; the 2 terrorists blow themselves up when police arrive. Several Arab groups claim responsibility for the killings; the Palestine Liberation Organization condemns the attack.

U.S.S.R.

(See also *Intl, Arms Control; China; Iran; Pakistan; U.S., Foreign Policy*)

Sept. 1—A Soviet cruise ship collides with a freighter in the Black Sea; at least 380 passengers are presumed to have died when the cruise ship sank after the collision.

Sept. 2—U.S. officials meet with Soviet officials in Moscow for 2 days of talks on Afghanistan.

Sept. 7—The government says it will charge Nicholas Daniloff, a reporter for the U.S. magazine *U.S. News and World Report*, with espionage; Daniloff was arrested in Moscow on August 30 after allegedly receiving documents marked "top secret."

Sept. 12—Daniloff is released in the custody of the U.S. ambassador to the Soviet Union; an alleged Soviet spy, Soviet UN employee Gennadi Zakharov, is simultaneously released in the custody of the Soviet ambassador to the U.S. in New York.

Sept. 18—The government says President Reagan's order yesterday requiring the expulsion of 25 Soviet UN personnel aims to thwart a summit meeting.

Sept. 19—Gorbachev says he and President Reagan "need to sign a treaty" at any summit meeting: "Why meet again in order just to talk?"

Gorbachev sends a letter to President Reagan that offers Soviet concessions on a U.S.-Soviet treaty on intermediate-range nuclear missiles in Europe; the new offer would not require that French and British missiles be counted as part of an intermediate arms agreement.

Sept. 23—The newspaper *Socialist Industry* reports new measures to decentralize the Soviet Union's foreign trade and integrate the Soviet economy with the Western world's

economy; the new program allows 20 ministries and large enterprises to work directly with Western firms.

In a speech before the UN General Assembly, Foreign Minister Eduard Shevardnadze says a summit meeting a "realistic" possibility this year if the U.S. wants a summit; he criticizes President Reagan's SDI as harboring "evil designs."

Sept. 28—Minister of the Merchant Marine Timofei Gzhenko is retired.

Sept. 29—Daniloff is allowed to leave the Soviet Union without standing trial; no explanation is given for his release.

Sept. 30—The official press agency Tass announces that President Reagan has accepted Gorbachev's offer to meet next week in Iceland to discuss issues for a possible summit later this year. Tass also announces that Yuri Orlov, Soviet dissident exiled in Siberia, will be allowed to leave the Soviet Union with his wife.

UNITED KINGDOM**Great Britain**

Sept. 20—In London, African National Congress leader Oliver Tambo meets with U.S. Assistant Secretary of State for African Affairs Chester Crocker and British Foreign Secretary Sir Geoffrey Howe.

UNITED STATES**Administration**

Sept. 2—Education Secretary William Bennett issues an 8-page report, *First Lessons: A Report on Elementary Education in America*, in which he calls for a reorganization of the elementary school curriculum to emphasize Western culture and its origins.

Sept. 10—A federal grand jury in Brooklyn indicts Soviet spy suspect Gennadi Zakharov on 3 counts of espionage.

Sept. 14—In a joint address on national television, President Ronald Reagan and his wife Nancy call for a "national crusade" against "this cancer of drugs . . . menacing our society."

Education Secretary Bennett issues a 78-page guide for U.S. schools, *What Works: Schools Without Drugs*; the guide prescribes a "get-tough policy" for drug abuse problems in the country's schools.

Sept. 15—President Reagan proposes a \$900-million program to combat drug abuse; he signs an executive order directing heads of U.S. agencies to set up drug-use testing programs for a wide spectrum of federal employees; an employee refusing to take the test will be subject to dismissal.

President Reagan nominates William Clinkscales as head of the Selective Service System.

Sept. 30—Secretary of Health and Human Services Oliver Bowen announces the establishment of a national center in Virginia to coordinate donated human organs and suitable recipients.

Economy

Sept. 4—The New York Stock Exchange's Dow Jones Industrial Average of 30 blue chip stocks closes at a new record high of 1,919.71.

Sept. 5—The Labor Department reports that the national unemployment rate fell to 6.7 percent in August.

Sept. 11—The Dow Jones Industrial Average reports a record 1-day fall of 86.61 points to 1,792.89.

Sept. 12—The Dow Jones Industrial Average falls another 34.17 points to 1,758.72. In the heaviest trading in the history of the New York Stock Exchange, 240.5 million shares are traded.

The Labor Department reports that its producer price index rose 0.3 percent in August.

t. 16—The Commerce Department reports that the nation's foreign trade deficit was a record \$34.7 billion in the third quarter of 1986.

t. 18—The Commerce Department reports that the nation's gross national product (GNP) rose at an annual rate of 0.6 percent in the 2d quarter of 1986 and at a 2.2 percent rate in the 1st 6 months of 1986.

t. 23—The Labor Department reports that its consumer price index rose 0.2 percent in August.

t. 25—Gold closes at \$443.50 a troy ounce on the New York market.

t. 30—The Commerce Department reports that the nation's foreign trade deficit declined sharply to \$13.3 billion in August.

The Commerce Department reports that its index of leading economic indicators fell 0.2 percent in August.

Foreign Policy

See also *Intl, Arms Control, GATT, Group of Seven, NAM; Africa; Asia; Europe; Latin America; Middle East; Oceania; Russia; Western Europe*; *Germany, West; Israel; Italy; Japan; Jordan; Pakistan; Philippines; U.S.S.R.*

t. 1—Secretary of State George Shultz sends Assistant Secretary of State for Near Eastern and South Asian Affairs Richard Murphy to the Middle East in an effort to revive Middle East peace talks.

t. 2—State Department spokesman Charles Redman announces a cut in future U.S. aid to Zimbabwe because of that country's "insensitivity" to U.S. foreign policy positions and Zimbabwe's nonadherence to "norms of diplomatic civility and practice."

Returning from Manila, Senate Foreign Relations Committee chairman Richard Lugar (R., Ind.) expresses confidence in Philippine President Corazon Aquino's efforts to control the Communist insurgency in her country.

t. 3—White House spokesman Larry Speakes reports that the U.S. has proposed a deal to the Soviet Union to release Soviet espionage suspect Gennadi Zakharov to Soviet custody in New York in return for the release of *U.S. News and World Report* reporter Nicholas Daniloff, who has been charged with espionage and has been jailed in Moscow.

t. 4—President Reagan extends limited U.S. sanctions against South Africa for 1 year.

t. 5—President Reagan denounces the seizure of the Pan American World Airways jumbo jet in Pakistan as a "cruel and sinister terrorist act." A U.S. citizen has been killed in the incident.

Special envoy Vernon Walters concludes a generally unsuccessful mission to West European allies to solicit stronger support for American measures against Libya.

t. 6—White House officials report that President Reagan has sent a personal message to Soviet General Secretary Mikhail Gorbachev giving his personal assurances that Nicholas Daniloff is not a spy.

t. 8—President Reagan calls the Soviet arrest of Daniloff an "outrage"; he urges the Soviet Union to respond "responsibly and quickly" to free Daniloff.

t. 12—Daniloff is released to the custody of the U.S. embassy in Moscow, pending trial; in New York, Zakharov is released to the custody of the Soviet embassy, pending trial.

t. 16—Philippine President Corazon Aquino arrives in Washington, D.C., on the start of a 9-day visit to the U.S. to ask for economic and political help.

t. 17—State Department spokesman Bernard Kalb announces that the Soviet Union has been given a list of 25 Soviet UN mission members who must leave the U.S. by October 1.

President Reagan meets with Philippine President Aquino

at the White House; he tells her that the U.S. "stands ready to assist her in her quest to secure a stable and secure land. . . ."

Sept. 18—Aquino addresses a joint session of Congress; she promises to continue to negotiate with Philippine Communist insurgents but will not hesitate to "use the sword of war" if necessary.

Sept. 19—President Reagan tells Zambia's President Kenneth Kaunda that he will not meet with leaders of black nations bordering South Africa to discuss U.S. policy.

Sept. 20—According to White House sources, on September 18 in Geneva, the U.S. proposed that the U.S. and the Soviet Union limit all medium-range missiles to 250 warheads.

Sept. 22—Addressing the UN in New York, President Reagan says he hopes that recent U.S. and Soviet arms control proposals may be "the beginning of a serious, productive negotiation on arms reduction." He terms the arrest of Daniloff "a particularly disturbing example of a Soviet transgression against human rights."

Sept. 26—President Reagan nominates Ambassador to Portugal Frank Shakespeare to be ambassador to the Vatican.

Sept. 29—Nicholas Daniloff is allowed to leave Moscow without standing trial on espionage charges; he flies to West Germany. President Reagan says the U.S. did not make a deal for Daniloff's release.

Sept. 30—The White House announces that President Reagan has agreed to a proposal made by Soviet General Secretary Gorbachev to meet in Reykjavik, Iceland, on October 11-12, as a preliminary to a summit in the U.S. later this year.

In U.S. district court in Brooklyn, Zakharov pleads no contest to espionage charges; 2 charges against him are waived and he is sentenced to 5 years' probation on 1 count and is ordered to leave the U.S. within 24 hours.

Zakharov flies to Moscow as Daniloff arrives in the U.S.

President Reagan nominates veteran black diplomat Edward Perkins to be ambassador to South Africa.

The State Department says it will not require the 25 members of the Soviet UN staff to leave the U.S. by October 1.

Labor and Industry

Sept. 3—World Airways announces the suspension of all passenger service operations; 1,500 employees will be laid off.

Sept. 9—Delta and Western Airlines agree to a merger worth \$860 million; the Transportation Department must approve the merger.

Sept. 10—At CBS, Lawrence Tisch becomes acting chief executive officer and chairman of a new management committee and William S. Paley returns as acting chairman.

Sept. 12—The Transportation Department approves the merger of Ozark Airlines with Trans World Airways.

Sept. 15—Texas Air agrees to acquire People Express for about \$125 million and to purchase the bankrupt Frontier Airlines for \$176 million.

Legislation

Sept. 12—The House votes 308 to 77 to approve new economic sanctions on South Africa, including a ban on new U.S. investment in South Africa; the Senate approved the same bill 88 to 14 in August; the measure goes to the President, who is expected to veto it.

Sept. 17—The Senate votes 65 to 33 to confirm Associate Supreme Court Justice William Rehnquist as Chief Justice; the Senate votes 98 to 0 to confirm Antonin Scalia as an associate justice succeeding Rehnquist.

The House passes a bill reorganizing the command structure of the nation's military, strengthening the role

of the chairman of the Joint Chiefs of Staff and actual field commanders; the Senate passed the measure September 15 and it now goes to the President.

Sept. 18—The House votes 203 to 197 for a bill to provide \$200 million in additional aid for the Philippines.

Sept. 24—The House votes 309 to 106 for a package of legislation intended to reduce the 1987 federal budget deficit by \$15.1 billion; the Senate and the House must agree on the legislation.

Sept. 25—The House votes 292 to 136 to approve legislation reforming the nation's tax system.

The House votes 201 to 200 to approve a \$562-billion fiscal 1987 appropriations bill, which includes 13 regular appropriations bills for financing the government. Arms control measures are attached as amendments to the appropriations bill.

In a voice vote, the Senate approves legislation providing up to \$10.2 billion in college student loans in fiscal 1987; the House passed the measure yesterday, voting 385 to 25.

Sept. 26—President Reagan vetoes legislation imposing economic sanctions on South Africa; he says that such sanctions would impose further hardship on South Africa's blacks.

Sept. 27—Completing legislative action, the Senate votes 74 to 23 to approve the tax reform bill; the new measure eliminates or curtails many tax deductions and tax shelters; it is estimated that about 58 percent of Americans will receive a tax cut when the bill becomes fully effective in 1988 and 15.5 percent will pay more taxes. Taxes on corporations will be raised. Six million impoverished people will be removed from the tax rolls completely; low-income families will pay lower taxes; after 1987 there will be only 2 tax rates, 15 percent and 28 percent; at present there are 14 different rates.

President Reagan vetoes legislation that would have extended and improved the Native Americans Programs Act of 1974, which provides grants to Indian tribes and to Alaskan and Hawaiian native communities and organizations.

Sept. 29—The House votes 313 to 83 to override President Reagan's veto of the bill imposing economic sanctions on South Africa; the President has offered to impose new and stricter sanctions by executive order if the Senate does not override his veto.

The Senate votes 51 to 43 against an amendment to the \$556-billion appropriations bill that would have increased economic aid to the Philippines by \$200 million.

Sept. 30—The House, in a 315-101 vote, and the Senate in a voice vote, approve an 8-day emergency spending bill.

The Senate votes 97 to 2 for a bill to increase federal penalties for drug dealers and to strengthen drug-policing efforts.

Politics

Sept. 15—Former Delaware Governor Pierre S. Dupont 4th announces his candidacy for the Republican presidential nomination in 1988.

Science and Space

Sept. 5—The National Aeronautics and Space Administration (NASA) successfully launches a Delta rocket carrying a secret antimissile system payload.

Sept. 19—Assistant Secretary for Health Robert Windor announces an experimental drug, azidothymidine (AZT), which, while not a cure, holds "great promise for prolonging life for certain patients with AIDS [acquired immunodeficiency syndrome]"; the drug will be made available to AIDS victims.

Supreme Court

(See also *Legislation*)

Sept. 26—William Rehnquist is sworn in as Chief Justice and Antonin Scalia is sworn in as an associate justice.

ZAMBIA

(See *U.S., Foreign Policy*)

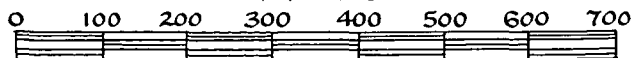
ZIMBABWE

(See *Intl, NAM; U.S., Foreign Policy*)

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